

SACRAMENTO AD HOC CHARTER COMMISSION

EXHIBIT 3

Fiscal and Service Analysis of Local Government Reorganization

FINAL REPORT

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May 30, 1989

Mr. Roy Brewer
Chairman
Sacramento Ad Hoc Charter Commission
1010 8th Street
Sacramento, California 95814

Dear Mr. Brewer:

Arthur Young is pleased to submit this final report on our fiscal and service analysis of local government reorganization in Sacramento County. The report provides estimates of increases in revenue that would be associated with a merger of the City of Sacramento and Sacramento County, as well as an approximation of the resulting gains in efficiency. Key assumptions underlying our estimates also are provided. Detailed data supporting the analyses in this report are contained in a separately bound set of appendices.

Our association with the Commission has been both challenging and interesting. We will be available to present a summary of our findings to the joint meeting of the City Council and the Board of Supervisors scheduled for June 21, 1989. In the interim, if Commission members have questions concerning the report, they can call me at 443-6756 in Sacramento.

Very truly yours,

ARTHUR YOUNG

Joseph F. Hill
Partner-in-Charge

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EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

The Sacramento Ad Hoc Charter Commission is developing a proposed new Charter which would consolidate the current City of Sacramento and Sacramento County, excluding the cities of Folsom, Isleton, and Galt. The Charter would establish a two-tiered government structure consisting of:

- A Metropolitan Government tier, led by a mayor and a nine-member Council of Supervisors (referred to herein as the Metro Board). This tier would have countywide policy, fiscal, and service responsibilities and authority.
- A local community council (LCC) tier in twenty communities, each headed by a five-person elected LCC. The LCCs would have specific responsibilities and authority related to community-level land use planning, plus an advisory role concerning any other local government issues of community concern.

In developing the proposed Charter, the Commission contracted with Arthur Young to conduct a fiscal and service analysis of alternative local government structures. The alternatives we studied were:

Status Quo -- which assumes no change in the structure of local government in Sacramento County.

Increased Incorporations and Annexations -- which assumes the incorporation of four new cities and the annexation of significant undeveloped land in the unincorporated area by the Cities of Sacramento and Folsom.

Merged Government -- which is the two-tiered proposal for a joint city-county government which the Charter Commission has developed.

Key findings resulting from our study are summarized in the following paragraphs. The analysis of these alternatives was conducted at a general planning level. Results should be considered as "order of magnitude" estimates and not refined budget-level figures.

Public Opinion Surveys

In addition to the fiscal analysis, the Commission requested that two public (voter) opinion surveys be conducted. This work was done by our subcontractor, Meta Information Services. The results of the surveys are noted below.

First Survey

The first survey -- conducted in November 1988 -- included both a telephone poll and a follow-up mail questionnaire to a subset of the telephone respondents. Among the numerous findings were the following:

- A high degree of voter concern about the adequacy of current services, particularly in the areas of law enforcement, transportation/traffic, land use planning, and air quality. Given a preference, respondents prefer improvements in services rather than reductions in government costs.
- Most respondents believe that the current government structures will not be able to adequately address future needs. The "status quo" model of government was the most unpopular of the several alternatives defined for the participating voters.
- An overwhelming majority of voters (83%) believed that the issue of government reorganization should be studied further.

Second Survey

The second survey -- conducted by telephone in May 1989 -- confirmed the first two conclusions described above from the first survey. Other key findings are summarized below.

- Voters were generally unaware of the government reorganization efforts; only one in four claimed any knowledge of the Charter Commission's activities.
- A majority of respondents in nearly all demographic categories favored the proposed two-tiered, merged government structure over the existing structure.

- About 73 percent of the respondents favored the concept of local community councils; 85 percent stated that these council members should be elected rather than appointed.

The second survey appears to indicate the existence of a political climate supportive of change. However, given the low level of voter awareness, any vote on a proposed metropolitan government will be influenced heavily by future debates on the issue.

Increased Incorporations and Annexations

This analysis assumed the incorporation of Citrus Heights, Rancho Cordova, Rio Linda-Elverta, and Elk Grove, as well as substantial annexations by the Cities of Sacramento (1,469 acres) and Folsom (5,000 acres). We further assumed that these changes were in place throughout FY 1987/88 so that the effects on revenues and expenditures could be estimated against the Status Quo. Key findings from this analysis are outlined below. All references to dollars are for FY 1987/88.

Effect of Incorporations Versus Annexations

The annexations we considered had little effect on the *current* revenues and service costs of Sacramento County and the two cities involved. The land most likely to be annexed is largely undeveloped, sparsely populated, and substantially protected from highest-value taxation by registration under the Williamson Act.^{1/} Undoubtedly this land will generate much greater revenues and service costs as it is developed, but for now it has no meaningful impact on the findings presented in the following paragraphs.

Net Effects on Revenues and Costs

Table 1 shows the estimated net fiscal effects on Sacramento County if all of the aforementioned incorporations and annexations were in place.

^{1/} The Williamson Act allows landowners to benefit from limited assessed values in return for reserving the land for agricultural purposes.

Table 1
Estimated Net Fiscal Effects
on Sacramento County from Increased
Incorporations and Annexations
(FY 1987/88 in 000's)

<u>Category</u>	<u>Incorporations</u>	<u>Annexations</u>	<u>Total</u>
Nonrestricted Funds			
• Cost Reductions	\$19,349	\$ 42	\$19,391
• Revenue Reductions	28,637	56	28,693
• Net Effect	<u>\$(9,288)</u>	<u>\$(14)</u>	<u>\$(9,302)</u>
Restricted Funds			
• Cost Reductions	\$ 3,704	\$ 86	\$ 3,790
• Revenue Reductions	1,154	4	1,158
• Net Effect	<u>\$ 2,550</u>	<u>\$ 82</u>	<u>\$ 2,632</u>
Total Net Effect All Funds	<u><u>\$(6,738)</u></u>	<u><u>\$ 68</u></u>	<u><u>\$(6,670)</u></u>

The fiscal effects in areas supported by nonrestricted funds is the most severe, i.e., a transfer of \$9.3 million more in revenue than in decreased costs. These funds support both countywide and unincorporated area services. The estimated \$9.3 million gap between nonrestricted revenue and cost decreases cannot be offset by using the estimated net gain in restricted funds (primarily road funds).

The two primary reasons that county costs would not decrease proportionate to the revenue loss are:

- The statutory formula for the transfer of property and sales taxes tends to favor new cities, while the gas tax formula tends to favor counties.
- A high percentage of certain county costs are fixed and do not decrease proportionate to population and land reductions in the unincorporated area (e.g., central administration, personnel administration, data processing, Sheriff's Department administration, etc.).

The net impact on the City of Sacramento from all four incorporations would be a loss of about \$217,000 in state subventions. Completion of all four annexations by the city would have generated approximately \$89,000 in revenue. As this land is developed, future revenues would be greater but would be offset partially or totally by higher costs of city services.

Status Quo — Merged Government Revenue and Debt Analysis

The majority of our study effort focused on FY 1987/88 comparisons of the Status Quo and Merged Government alternatives. Findings related to the revenue and debt aspects of this analysis are summarized below.

Revenue Effects

Based upon advice of Commission counsel, a consolidated city-county government would be eligible to receive certain state subventions under both a city and a county apportionment formula. At issue are the motor vehicle in-lieu tax, gas tax, cigarette tax, and trailer coach in-lieu tax. Assuming dual apportionments, a Merged Government would have received about \$23 million more in FY 1987/88 than the Status Quo. The majority of this increased revenue is from the motor vehicle tax (\$18 million) and the gas tax (\$4.8 million) apportionments.

Other current city and county revenue sources and amounts are assumed to remain relatively constant under the Merged Government alternative.

Debt Capacity Effects

Currently, the city and county are well within the general statutory limits on general obligation bonds as a percent of assessed valuation. The city limit is 15 percent and the county limit is 5 percent. The percentage for both the City of Sacramento and Sacramento County is below 1 percent as of June 30, 1988. Both jurisdictions also are substantially below the generally accepted guideline of \$1,000 per capita for all outstanding debt, i.e., the city is at \$366 per capita and the county at \$111. Under a Merged Government, total debt capacity will increase as a result of aggregating the populations and assessed values of the city and county. Also, all outstanding debt will be assumed by the new government and total debt service payments would not change from the Status Quo. Based upon our analysis, nothing has come to our attention which would indicate a negative effect of a city-county merger on future debt ratings or cost of capital.

Gann Limit

The Gann Limit refers to the constitutional formula for limiting certain annual appropriations of cities and counties. We have assumed that a Gann Limit for the Merged Government will be

submitted to the voters for approval in the Charter election. Toward this end, we have calculated a recommended Gann Limit of about **\$510 million** for the new entity. This amount carries forward the current combined city and county limit, and allows for additional revenues (through state subventions) and the costs of additional services to be provided by the new city-county government.

Status Quo - Merged Government Expenditure Analysis

We assessed the effects of a city-county merger on 16 different service categories and two employee compensation areas. The service area analysis was conducted at a general level of detail, without benefit of detailed workload studies. Findings in each area were expressed as efficiency gains or losses in terms of full-time equivalent (FTE) positions and costs (dollars). All analyses assumed a continuation of existing service levels, even where managers believe their current resources are not sufficient to provide satisfactory service levels. This is the only approach which allows a fair comparison of pre- and post-merger staffing and costs.

Exhibit 1, on the next page, summarizes the results of this analysis. Clarifying comments follow.

Baseline Efficiency Gains

We estimated gross efficiency gains in the order of \$21.4 million if the Merged Government had been fully operational in FY 1987/88. The major service area contributors to these gains would be:

- Central administration and
finance services \$2.6 million
- Law enforcement \$6.6 million
- All categories of public
works \$5.0 million

The substantial majority of these efficiency gains are transferable to reduced taxes, increased/improved services, or some combination of the two.

SUMMARY OF STATUS QUO AND MERGED
GOVERNMENT EXPENDITURE ANALYSIS
(FY 1987/88 Costs in 000's)

Category	Amount
<u>Status Quo (City & County Combined)</u>	
FTEs	6,878
<hr/>	
<u>Costs</u>	
Personnel	\$277,177
Other	153,697
Total	\$430,874
<u>Baseline Efficiency Gains</u>	
FTEs	(404)
<hr/>	
<u>Costs</u>	
Personnel	\$(18,371)
Other	(2,986)
Total	\$(21,357)
<hr/>	
Estimate of Gains Attributed to Special Districts	(898)
<hr/>	
<u>Add-Backs for Metro Government Services</u>	
FTEs	198
<hr/>	
<u>Costs</u>	
Personnel	\$15,029
Other	2,054
Total	\$17,083
<u>*Net Efficiency Gains</u>	
FTEs	(206)
<hr/>	
<u>Costs</u>	
Personnel	\$(3,342)
Other	(932)
Total	\$(4,274)
<u>One-Time Implementation Costs</u>	\$21,060
<hr/>	
<u>*Differences Attributable to Net Efficiency Effects if Two Service Districts Are Used</u>	
FTEs	(77)
<hr/>	
<u>Costs</u>	
Personnel	\$1,893
Other	83
Total	\$1,976

Add-Backs for Metro Government Services

There are three areas inherent to the Metro Government proposal where services and annual costs necessarily would be increased. These are as follows.

- Implementation of the LCC
concepts \$1.6 million
- Additional land use
planning services at
the LCC level \$.8 million
- Replacement of 162 California
Highway Patrol traffic
personnel in the current
unincorporated area \$8.7 million

In addition to the above "add-backs" of about \$11 million in annual costs, we developed a very rough estimate of \$5.8 million to equalize differences between city and county salaries and benefits. However, as pointed out in Section VI.T, the actual long-term resolution of this issue (1) is subject to labor-management meet and confer statutes, and (2) could result in substantially less or more annual costs than we estimated, depending upon the results of those negotiations.

Special District Allocation of Efficiency Gains

Certain county and city departments -- primarily county public works -- provide general fund services as well as other services to special districts (e.g., parks and sanitation districts) for which they are reimbursed. In the case of special districts, any FTE or cost efficiencies resulting from a city-county merger should theoretically be shared proportionately. However, these gains should not be excluded from our analysis because they flow to all or some subset of Sacramento County taxpayers. Accordingly, these potential allocations are noted in Exhibit 1 where appropriate, and are included in the total estimates of FTE and cost efficiencies resulting from the merger. A rough estimate of only \$898,000 is related to this issue.

Net Efficiency Gains

We estimate a net efficiency gain of about \$10.1 million in annual operations costs, less \$5.8 million in potential increases in salary and benefit costs.

One-Time Implementation Costs

A city-county merger of this magnitude would require expenditures of a nonrecurring nature to accomplish an orderly and effective

implementation. A total of about \$21.1 million is estimated for this purpose, the major parts of which are noted below.

- Detailed studies, hardware upgrades, software modifications, and data conversion related to all current automated systems \$6.0 million
- Law enforcement communications, uniform and equipment changeover, and start-up costs for the CHP replacement \$6.5 million
- Additional communications for other departments \$3.0 million
- "Golden Handshake" retirement option for selected senior personnel \$1.6 million
- Minimum number and types of facility modifications to reorganize the location of existing personnel \$1.0 million

Two Service Districts

The proposed Charter includes provision for two service districts, i.e., an urban service district and a general service district. The urban district would consist initially of all of the current city area; the general service district would be comprised initially of the county unincorporated area. The Metro Board would be responsible for determining the level of services and taxes within each district, and for determining whether the boundaries of the two districts should change over time.

For purposes of our analysis, the establishment of separate service districts would restrict the extent to which efficiency gains could be realized in certain services. The service areas affected most are those which use field deployment of personnel, such as law enforcement, parks maintenance, and animal control. Continuation of artificial geographic boundaries would decrease considerably the efficiency gains otherwise achievable through more coordinated planning, scheduling, and deployment of field personnel.

For purposes of the analysis in this report, we first assume fully merged services in all cases, without restrictions imposed by two service districts. The efficiency gains estimated in this manner then were reviewed generally to derive a *rough estimate* of the reductions

in efficiency gains which might occur under the requirement for two service districts. The result was a loss of about \$6.25 million in efficiencies, which changes the net efficiency effects (after add-backs for increased services) from an annualized cost reduction of about \$4.3 million to a cost increase of about \$2.0 million.

Summary Comparisons

Table 2 summarizes our estimates of revenue and expenditure effects if the Merged Government had been in place throughout FY 1987/88.

Table 2
Summary of Annualized Comparisons of
Status Quo and Merged Government Alternatives
(FY 1987/88 in 000's)

	<u>Revenues</u>	<u>Expenditures</u>
Status Quo		
• City	\$ 238,923	\$239,017
• County	758,096	757,688
• Inter-Jurisdiction		
Revenues	(1,882)	
• Total Status Quo	<u>\$ 995,137</u>	<u>\$996,705</u>
Merged Government (a)	<u>\$1,018,095</u>	<u>\$992,431</u>
Difference	<u>\$ 22,958</u>	<u>\$ (4,274)</u>

-
- (a) Assumes operation as a single, fully merged entity, and includes about \$17.1 million in add-backs for increased services and equalization of salary and benefit costs.

The total net benefit of the Merged Government alternative, including add-backs for increased services, is equal to the sum of the revenue and expenditure differences, or about \$27.2 million in FY 1987/88 dollars.

I. INTRODUCTION



I. INTRODUCTION

In November 1988, the Sacramento Ad Hoc Charter Commission contracted with Arthur Young to conduct a two-phased fiscal and service analysis of a potential local government reorganization. The first phase concentrated on an initial public opinion poll and general planning related to community boundaries and service needs. The second phase included an analysis of key fiscal and service issues which might emerge from government reorganization in Sacramento County.

This report documents the results of our work for the Commission. This introductory section briefly describes the background, objectives, and scope of our study. The remaining seven report sections cover the following study objectives:

- | | |
|---------------------|---|
| Section II | -- summarizes the two public opinion surveys conducted by Meta Information Services, our subcontractor. |
| Section III | -- briefly describes the alternative government structures included in our analysis. |
| Section IV | -- analyzes the effects of the proposed city-county government merger on revenues and the Gann Limit. |
| Section V | -- provides a similar analysis for debt retirement issues. |
| Section VI | -- contains an extensive discussion of the estimated costs and efficiency gains of the proposed city-county government merger. |
| Section VII | -- analyzes the revenue and expenditure impact of an increased number of incorporations and annexations of areas that are currently unincorporated. |
| Section VIII | -- compares, on a summary basis, the revenue and expenditure results of our study. |

A. STUDY BACKGROUND

In the fall of 1987, the City of Sacramento and Sacramento County created the Local Government Reorganization Commission (LGRC) to investigate alternative forms of local government for the entire county. The LGRC completed its work in May 1988 when it issued a report describing two primary structural alternatives to the current government organization. One approach, referred to as the Local Control/Metropolitan Plan, featured a two-tiered structure operating within a consolidated city-county government. The first tier incorporated the concept of local community councils which would have certain community or neighborhood responsibilities. The second tier consisted of a merged metropolitan-wide government which would deal with countywide needs and services.

The second structural alternative suggested by the LGRC called for a combination of community planning councils and regional or countywide agencies and special districts. This alternative did not require city-county consolidation. Instead, it relied on joint powers agreements or special districts to create merged functions in selected areas (e.g., law enforcement, planning, etc.).

In response to the LGRC recommendations for additional study of the alternatives, the City Council and Board of Supervisors jointly established and funded the Sacramento Ad Hoc Charter Commission. The Commission's principal goals were twofold:

- To conduct further study of alternative local government structures in order to select one for detailed analysis and development
- Based upon the above selection, to prepare a detailed Charter amendment for submission to Sacramento voters.

In pursuing these goals, the Commission relied upon the assistance of its members, its staff and contractors, and many representatives of the Sacramento area public and private sectors. Arthur Young's involvement was related primarily to the analysis of fiscal and service issues. The specifics of our work are presented in the next subsection.

B. STUDY OBJECTIVES AND SCOPE

The Charter Commission selected our firm to carry out a two-phased approach to the analysis of fiscal and service issues. The key objectives of this approach are outlined below.

Phase I – Initial Planning and Public Opinion Survey

The objectives of this short phase (about eight weeks) were as follows:

- To provide general assistance to the Commission in evaluating which of the two LGRC government structures should be analyzed and developed in detail. Principal areas of assistance included the selection of local community boundaries and an initial allocation of service area responsibilities between local community councils and the metropolitan level of government.
- To conduct, analyze, and document a public opinion survey of registered voters. This work was performed by our subcontractor, Meta Information Services.

Phase II – Fiscal and Service Analysis

This phase comprised the substantial majority of the overall study effort. It had several key objectives, as described below:

- To analyze the revenue and expenditure effects of several local government structural alternatives, assuming each was fully implemented in FY 1987/88. The alternatives were:
 - Status Quo, i.e., no change in the current structure of city and county government
 - Merged Government, i.e., a city-county consolidation with two-tiers of government -- Metropolitan (Metro) Government and Local Community Councils (LCCs)
 - Increased Incorporations and Annexations, i.e., incorporation of four new cities in what is now unincorporated county land, and two significant annexations by the cities of Sacramento and Folsom.
- To develop six-year projections of revenues and expenditures for the Status Quo and Merged Government alternatives

- To assess the service unit efficiencies which might be achieved through implementation of the Merged Government alternatives
- To assess the fiscal effect of local government reorganization on selected personnel subjects (e.g., retirement plans)
- To evaluate alternative methods for LCCs to generate their own revenue in order to fund facilities or services desired by their respective communities
- To conduct a second public opinion survey regarding issues pertinent to the development of the proposed Charter amendment.

The scope of the fiscal analysis necessarily covered all current city and county revenues and expenditures. However, the focus clearly was on the revenues and expenditures affected directly by either a city-county merger or increased incorporations and annexations.

Our technical approach to the study encompassed numerous techniques, assumptions, data sources, etc. For ease of reference, and to allow readers to follow our reasoning in each area of analysis, the methods we used are described within each of the subsequent report sections.

II. SUMMARY OF PUBLIC OPINION SURVEYS



II. SUMMARY OF PUBLIC OPINION SURVEYS

Meta Information Services conducted two surveys of voter opinions during our engagement for the Charter Commission. Detailed reports and backup data were submitted on both surveys. Here we only summarize the key features and findings of each survey.

A. INITIAL SURVEY - NOVEMBER 1988

1. Objectives and Methodology

The objectives of the first survey were to:

- Identify voter concerns with government
- Measure satisfaction or dissatisfaction with the current city and/or county government
- Test the political climate and acceptability of Sacramento city-county government reorganization
- Determine acceptability of alternative forms of government.

To accomplish these objectives, two research methods were used. The first was a traditional telephone survey and the second used a conjoint analysis which was conducted by mail. During the telephone survey, 501 registered voters were interviewed. This sample size yields a sampling error of +/- 4.4 percent. Interviewees were asked 35 questions, including two open-ended questions and thirteen demographic questions.

Among the 501 people interviewed by telephone were 402 who agreed to receive a follow-up conjoint analysis questionnaire. Of the 402 questionnaires mailed, 306 were returned for a response rate of 76 percent. The purpose of the conjoint analysis was to test the relative importance of attributes which might distinguish between potential forms of government. The attributes dealt with government structure, quality of services provided, and the cost of government.

2. Key Findings of the Telephone Survey

Overall Voter Consensus

When questioned regarding their perception of the top problem facing the Sacramento area, voters respond as follows:

•	Crime/Drugs	33.5%
•	Traffic/Transportation	28.8%
•	Growth/Development	10.8%
•	All Others and Don't Know	26.9%

Another question asked, "Should the priority of Sacramento area government be to improve services or to reduce costs?" Approximately 54.5 percent opted for improvement in services while a much lower 17 percent favored reducing costs. Twenty-three percent refused to make a choice and said that both objectives must be accomplished. An additional 5 percent were undecided. Similar results were found for both the city and the county.

Services

A series of government services were evaluated by the voters as to their level of satisfaction. A rating scale of 0 to 200 was devised to quantify the results, with 200 being all positive responses. Index values above 130 are considered exemplary on this scale, and values below 120 should be regarded as warranting remediation. Below are listed some of the resulting scores.

•	Refuse Collection	170
•	Parks	146
•	Law Enforcement	115

All other indices were well below 120, with the lowest three being air quality at 37, highway traffic at 45, and zoning and land use at 54.

Government Reorganization

Voters were somewhat optimistic that reorganization of government would improve the delivery of services. Forty-one and a half percent expressed this view compared to 27 percent who were pessimistic. Thirty-one percent were undecided.

Voters were less optimistic in the area of lowering the cost of services. Only 30 percent believed that government reorganization would lower costs, compared with 42 percent who were pessimistic about cost reduction. Optimism was strongly correlated with the individual's ratings of services provided. Those who rated current government services as inadequate were pessimistic about the ability of current government structures to provide for the future.

Respondents were questioned concerning the existing Sacramento City and County governments' ability to provide for tomorrow's needs. Their answer was clear: they did not believe that existing government structures will solve future problems. Specifically, 23 percent of the voters believed existing structures were poorly equipped to greet the future. The vast majority (57 percent) rated existing structures as only fair. Given the proclivity of most people to bias their responses in a positive direction, a "fair" evaluation should be considered negative. More illustrative of voter pessimism was the fact that only 1 percent gave current structures an excellent chance of providing for tomorrow's needs.

Reorganization Models

To test preferences for particular reorganization models, four different models were described for respondents. The models were a full city-county consolidation, a two-tiered model, a merged services model, and a status quo model. The two-tiered model specified a metropolitan level government to address issues relevant to all of Sacramento County, and a neighborhood level government to address issues relevant to local areas.

The consolidation model enjoyed a high level of support within the city but less enthusiasm within the county. Of the city voters surveyed, 57 percent favored consolidation compared with 40 percent of county residents. Forty-one percent of county residents opposed consolidation compared with only 29 percent of city residents. Mergers of selected city and county services were very popular within the city but only somewhat popular within the county. The two-tiered government received favorable evaluations from both city and county residents.

The only model that was clearly unpopular was the status quo. Among city residents only 33 percent favored the status quo and only 40 percent of county residents favored the current form of government. Opposition to the status quo ran 45 percent in the city and 42 percent in the county.

3. Key Findings of the Conjoint Analysis

This part of the survey tested attributes which might prove important to the redesign of Sacramento government structure. The sample size of 306 yielded a mean beta weight sampling error of less than +/- .02.

The questionnaire tested ten attributed as outlined below.

- Overall Government Structure
- Law Enforcement
- Land Use and Zoning
- Air Quality
- Flood Control
- Neighborhood Traffic
- Highway Traffic
- Public Transportation
- Metropolitan Elected Representatives
- Cost of Services.

Each of four stimuli compared two hypothetical governments for each of the above attributes. The product of the statistical analysis was a beta weight for each respondent on each variable. Beta weights represent the importance of attributes to respondents when choosing between competing alternatives. A beta weight is a standardized measure of importance; the higher the beta weight, the more important the attribute to an individual. A negative beta weight means that the respondent would likely choose another alternative. A beta weight near 0 means the attribute was ignored when making choices.

Voters placed a great deal of weight on services provided by governments, secondary weight on the cost of services, and little weight on government structure. The attribute pertaining to number of representatives was extremely weak and was, therefore, excluded from the final statistical analysis. Three possible models of government structure were contained in the final statistical analysis: consolidation, two-tiered government, and merger of services. All three received mean beta weights near 0. There were two reasons for such low mean beta weights.

- First, roughly one out of every two voters ignored government structure when choosing between alternative governments
- Secondly, the remaining 50 percent were polarized in their perceptions of the models. For the consolidation model, roughly 30 percent opposed consolidation while 19 percent favored it.

For both the two-tiered structure and the merged services model, support and opposition were equally balanced. Taken together, the three models showed a slightly negative tilt, indicating a weak preference for the status quo model.

Interestingly, the above results seemed to contradict results obtained from the telephone survey. The telephone survey found the status quo model to be least preferred. The contradiction can be resolved by concluding that among the minority of voters who do prefer a status quo model, opinions are stronger and more deeply rooted than among those who support one of the other three models.

One result of the conjoint analysis, however, was conclusive. The predominant concern of voters was with the provision of services by local governments. This finding was consistent with results obtained from the telephone survey, as discussed earlier in this section. The highest single concern was for law enforcement. Law enforcement received a mean beta weight of .287. Sixty percent of the sample used the attribute of law enforcement when choosing between alternative forms of government. More than anything else, voters want a government that is responsible to law enforcement needs. The

second strongest attribute was air quality (.186). Almost half (46%) of the voters used the air quality attribute when making decisions. Ranking third was highway traffic with a mean beta weight of .161. Less relied upon attributes included land use and zoning (.125) and flood control (.107). Taken together with the results of the earlier telephone survey, the best conclusion is that, although voters can express preferences for alternative government structures, the importance of structure paled in comparison with the importance of the services provided by government.

Of moderate concern was the cost of services. Cost of services received a mean beta weight of -.138. Thirty-eight percent of the respondents reacted negatively to higher costs. These results also were corroborated by the telephone survey. Although cost was a concern, it was subordinate to quality of services.

4. Summary of Conclusions

The results of the two initial studies supported several conclusions. First, Sacramento voters were not opposed to reorganization of government. However, considering that 70 percent said that they had heard nothing about reorganization efforts, a future vote will be dependent upon receiving further information on the issue. With few exceptions, voters saw government services as deficient, specifically in the areas of safety and growth as well as the responsiveness of their elected officials. When given a choice, voters preferred that Sacramento area governments work to improve services rather than reduce costs. Most believed the status quo will not be able to adequately provide for tomorrow's needs, and the most unpopular government model tested was the status quo form of government. Finally, an overwhelming majority of voters (83%) believed that the issue of reorganization should be explored further.

B. SECOND SURVEY - MAY 1989**1. Objectives and Methodology**

The second voter opinion poll was conducted by telephone between May 2 and May 10, 1989. The primary objectives of this survey were:

- To measure voter awareness of possible government reorganization activities and concepts
- To test the political feasibility of a change in the government structure within Sacramento County
- To test specific design attributes of a new metropolitan government.

A total of 528 registered voters were interviewed regarding 36 questions. A sample size of 528 yields a sampling error of +/- 4.3 percent.

2. Key Findings of the Survey***Voter Awareness***

Only one out of every four voters claimed any knowledge of the reorganization efforts which have been underway for over a year. Awareness in the county was higher (29 percent) than in the city (16 percent).

Government Reorganization

Voters were generally pessimistic when asked to rate the ability of the current city/county government structure to meet tomorrow's needs. Almost 71 percent rated the existing structure "fair" (50.9 percent) or "poor" (19.8 percent). With this in mind, it is not surprising that only 50 percent supported continuation of the existing government structure, with allowances for future additional incorporations. Conversely, 57 percent favored an optional government structure which was based upon a description of the Commission's current two-tiered, city-county merged government. City voters were more favorably inclined toward this alternative (62 percent) than county voters (55 percent). A majority of respondents in almost all demographic groups supported the concept of a new

city-county metropolitan government.

Services and Priorities

The November 1988 baseline survey demonstrated that, by an almost 3 to 1 margin, voters in both the city and the county placed a higher priority on improving services than on reducing government costs. The May 1989 survey reconfirmed that finding. When told that a national auditing firm had estimated that a new metropolitan form of government would save between 15 and 20 million dollars a year, 67 percent of the respondents stated that the savings should go to improve services. Only 20 percent believed that the savings should be used to reduce local taxes. As to which services should be improved, the first and second surveys both identified the number one priority as the reduction of crime and drugs, i.e., "law enforcement" services. About 34.5 percent responded with crime, drugs, or law enforcement as their first concern, followed by these service categories:

- Transportation (22.5 percent), including Traffic, Public Transportation, and Roads
- Growth-related (20.5 percent), including Growth, Pollution, Schools, and Water.

Local Community Councils

The concept of local community councils (LCCs) was explained to respondents who then were asked about their reaction. This concept met with favor among 73 percent of the respondents. An even higher percentage (85 percent) stated that LCC members should be elected rather than appointed.

Executive Duties

Interviewees were told that the executive branch of the proposed metropolitan government probably would have both an elected mayor and an appointed administrator. Then respondents were asked for their opinions regarding which position should be responsible for each of the following three functions:

<u>Function</u>	<u>Assign to:</u>	
	<u>Mayor</u>	<u>Administrator</u>
Appointment of Department Heads	60%	26%
In Charge of Day-to-Day Operations	31%	56%
Submit the Annual Budget	44%	42%

Respondents also were strongly in favor (71 percent) of the mayor having the power to veto actions of the Metro Board, subject to the Board's override.

3. Summary of Conclusions

In many respects, little changed regarding public perceptions of the Charter Commission's activities since the first voter survey in November 1988. Voters were still skeptical of government, they were still pessimistic about the ability of the current structure to provide for future needs, and they still wanted better service, even if this meant foregoing tax rebates. Their concerns were most salient in the areas of crime, transportation, and growth-related issues.

Voter concern for services gave rise to a receptiveness to change. They seemed more than willing to listen to plans for a new metropolitan government; however, they were not particularly aware of potential changes. The level of voter knowledge regarding such changes was very limited. Nevertheless, voters voiced preferences for a two-tiered metropolitan government with elected representatives at the local community council level. They believed executive duties should be divided between an appointed administrator and an elected mayor, but with the caveat that all administrators and politicians should be controlled ultimately through a system of checks and balances. That system would include a mayor's ability to veto the actions of the Metropolitan Board and the voters' ability to veto all elected officials at the ballot box.

The survey disclosed that a political climate supportive of structural change appears to exist. It must be underscored, however, that given the low level of voter awareness, any vote on a proposed metropolitan government will be heavily influenced by future debates on the issue. The outcome of an election cannot be predicted at this time. Groups supporting or opposing such a ballot measure may substantially sway voter opinion. However, it is safe to conclude that voters are both skeptical of the status quo and receptive to some type of change. As was noted in the baseline telephone survey conducted in November of 1988, an overwhelming 83 percent of the voters believed that discussion of alternatives should continue.

III. DESCRIPTION OF ALTERNATIVE GOVERNMENT STRUCTURES

III. DESCRIPTION OF ALTERNATIVE GOVERNMENT STRUCTURES

A. OVERVIEW OF THREE ALTERNATIVES

As stated in Section I, this fiscal analyses dealt with three alternative government structures, as summarized below:

Status Quo

The key assumption related to this alternative is that there would be no major change in the makeup of local government in Sacramento County. The number of cities (four) and the amount of unincorporated area remain constant under the Status Quo scenario, and the number and type of special districts also continue unchanged.

Increased Incorporations and Annexations

In this alternative, we assumed that four new municipalities incorporate, and that five sections of the unincorporated area are annexed by the Cities of Sacramento (4) and Folsom (1). Changes of this type would affect the revenues and expenditures of the county and, to a much lesser extent, the revenues of the Cities of Sacramento and Folsom.

The new cities were assumed to be Citrus Heights, Rancho Cordova, Rio Linda - Elverta, and Elk Grove. These cities represent about 195,967 (33.3%) of the 588,625 population (January 1, 1988) in the unincorporated area. The annexations assumed a total of about 1,469 acres in four locations for the City of Sacramento, and 5,000 acres in the Highway 50/Aerojet area by the City of Folsom. More details on these incorporations and annexations are provided in Section VII.

Merged Government

The Merged Government alternative assumes a new voter-approved Charter which merges the City of Sacramento and Sacramento County into one combined city-county, and establishes a two-tiered government structure. The other three existing cities -- Folsom, Isleton, and Galt -- and all existing special districts would not be required to be part of this new structure. Nevertheless, they could elect to join the Merged Government at a later date, if they desire.

The remainder of this section provides a summary description of the Merged Government alternative. The other two alternatives do not require additional definition here because they are well understood by the average citizen. The Merged Government alternative, however, is a substantially new concept which needs to be understood -- at least at a general level -- in order to appreciate parts of the subsequent fiscal analysis.

B. MERGED GOVERNMENT ALTERNATIVE

The summary description provided here is based upon concepts and *tentative* conclusions determined by the Charter Commission as of early May 1989. These tentative determinations are subject to change as the Commission proceeds with its analysis and discussion of issues.

1. Summary of Key Features

As the Charter Commission evaluated the pros and cons of local government reorganization alternatives during early 1989, certain goals and concepts emerged which pointed ultimately to the selection of the Local Control/Metropolitan Plan as the preferred alternative. For ease of reference, this option is referred to as the Merged Government alternative in this report. Key features of this alternative are presented in the following paragraphs.

Overall Structure

The current City of Sacramento would merge with the County of Sacramento to form a consolidated city-county government. Two tiers of government would be established. The countywide or metropolitan tier would be led by a mayor and a nine-member Council of Supervisors (referred to herein as the Metro Board). The mayor would be full-time and would have the power to appoint a chief administrative officer, submit the annual budget, and veto decisions of the Metro Board. Board members also would be full-time and have countywide policymaking responsibilities. Under specified conditions, the Board also could override a mayoral veto by a super majority vote.

The second tier would include local community councils (LCCs) in about twenty communities throughout the city-county area. The LCCs would consist of about five elected members each. Their principal roles would be to:

- Develop community plans within the parameters of the general plan, which the Metro board will develop
- Hear and act upon various land use planning issues, such as variances, subdivision maps, use permits, etc.

- Provide input to the mayor and Metro board on any other issues of community concern, including the need for specific services or facilities.

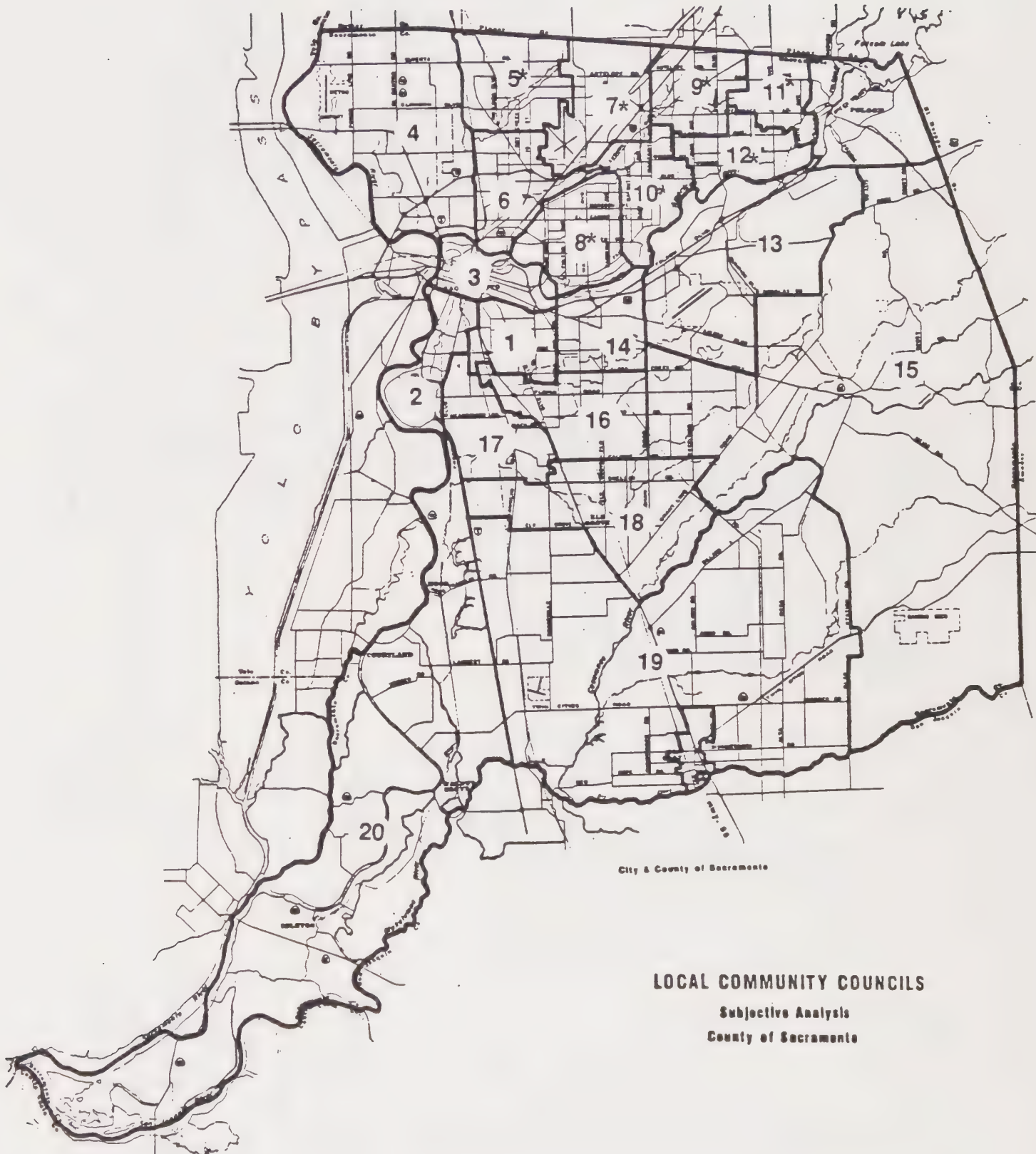
Service Delivery and Financing

The Metropolitan Government will make all revenue and expenditure decisions, and will be responsible for providing both municipal and countywide services. The LCCs would not have revenue-generating authority, nor would they deliver any services.

Number of LCCs

Tentatively, the Charter Commission has identified twenty areas with sufficient individualized identity and characteristics to be referred to as "local communities". **Exhibit III-1**, on the next page, is a map of these areas. Detailed boundaries of each community are provided in **Exhibit III-2**, following Exhibit III-1. These boundaries were selected primarily on the basis of generally-recognized community areas, current city and/or county planning areas, and postal zip code boundaries. Population was not a factor in selecting any of the boundaries.

Tentative Map of LCCs



* Note: Most of the boundaries for these communities follow existing zip codes, except the northwest corner of Carmichael (10).

GENERAL BOUNDARIES OF LOCAL COMMUNITY COUNCILS

LCC # -----	North -----	South -----	East	West
1	Hwy. 50	47th Ave.	Power Inn Rd.	Hwy. 99/Sacramento Executive Airport
2	Broadway	County Line	Freeport Blvd./Hwy. 99	County Line
3	American River	Broadway/Hwy. 50	Howe Ave.	County Line
4	County Line	American River	East Drainage/Northgate Blvd.	County Line
5	County Line	Ascot Ave.	McClellan AFB/32nd St.	East Drainage
6	Ascot Ave.	American River	Business Hwy. 80/McClellan AFB	Northgate Blvd.
7	County Line	Hwy. 80/Madison Ave.	Manzanita Ave.	McClellan AFB/28th St.
8	Business Hwy. 80	American River	Mission Ave.	Business Hwy. 80/American River
9	County Line	Madison Ave.	Fair Oaks Blvd./Wachtel Way	Manzanita Ave.
10	Madison Ave.	American River	San Juan Ave./Dewey Dr.	Mission Ave./Hwy. 80
11	County Line	Madison Ave.	City of Folsom Line	Fair Oaks Blvd./Wachtel Way
12	Madison Ave./Greenback Lane	American River	City of Folsom Line	San Juan Ave./Dewey Dr.
13	American River/City of Folsom Line	Jackson Hwy./Douglas Rd.	Grant Line Rd./Prairie City Rd.	Bradshaw Rd.
14	American River	Elder Creek Rd.	Bradshaw Rd.	Power Inn Rd.
15	City of Folsom Line	County Line	County Line	Bradshaw Rd./Folsom South Canal
16	Elder Creek Rd./47th Ave.	Calvine Rd.	Bradshaw Rd.	Franklin Blvd./Hwy. 99
17	Fruitridge Blvd./47th Ave.	Sheldon Rd.	Hwy. 99/Sacramento Executive Airport	Freeport Blvd.
18	Calvine Rd./Sheldon Rd.	Elk Grove Blvd./Hwy. 99/Deer Creek	Wilton Rd.	I-5
19	Elk Grove Blvd./Deer Creek	County Line	Clay Station Rd./Folsom South Canal	I-5
20	Mack Rd.	County Line	County Line	County Line

C. IMPLEMENTATION TIMING

Establishment of a consolidated city-county government will first require voter approval of a new Charter. Then, detailed planning of the merger must occur on a function-by-function basis, followed by a phased implementation. The timing of these events affects our estimates of revenues and costs by year. Accordingly, the Commission provided the following assumptions regarding when major events would occur.

Date	Fiscal Year	Action
November 1989	89/90	Voter Approval of New Charter <ul style="list-style-type: none">• Initial LCC boundaries defined in charter
January 1991	90/91	Transition Government Formed <ul style="list-style-type: none">• Board of Supervisors and Selected Members of the City Council are constituted as provisional Metropolitan Board• New revenue sources due to reorganized government become available• Selective hiring freeze imposed• "Golden Handshake" provision planned• Begin phased consolidation of departments• Provisional Metropolitan Board appoints Chief Administrator
June 1991	90/91	Begin to Define Metropolitan and LCC Electoral District Boundaries
July 1991	91/92	Continued Implementation of the New Government Organization <ul style="list-style-type: none">• Impose across-the-board hiring freeze• Continue operational consolidations• Chief Administrator appoints lead department heads• "Golden Handshake" provision instituted for several months
June 1992	91/92	Primary Elections for Metropolitan Board and LCCs
July 1992	92/93	Fully Merged Operations <ul style="list-style-type: none">• All or most functions consolidated
November 1992	92/93	General Elections for Metropolitan Board and LCCs

Date	Fiscal Year	Action
January 1993	92/93	Full Legal and Administrative Implementation of Reorganization <ul style="list-style-type: none">• Metropolitan Board is seated• LCCs established and begin operations• Labor-management negotiations initiated on compensation and benefit issues

IV. ANALYSIS OF REVENUES



IV. ANALYSIS OF REVENUES

In this section we present our analysis of FY 1987/88 revenues and six-year revenue projections for the Status Quo and Merged Government alternatives. Revenues under the Increased Incorporations and Annexations alternative are discussed in Section VII. This section is organized as follows:

- A. Summary of Significant Revenue Sources and Issues
- B. Revenue Analysis for the Status Quo Alternative
- C. Revenue Analysis for the Merged Government Alternative
- D. Comparison of Alternative Revenue Scenarios
- E. Gann Limit.

A. SUMMARY OF SIGNIFICANT REVENUE SOURCES AND ISSUES

In this subsection we summarize the significant revenue sources and key assumptions for the City and the County of Sacramento under the Status Quo and Merged Government alternatives. All figures are based on FY 1987/88 actual revenues.

1. Property Tax

Proposition 13 limited the property tax to 1 percent of assessed value. The tax may rise above 1 percent only to retire voter approved debt. The 1 percent levy must be shared by all local agencies, including the city, county, school districts, and all special districts.

The property tax provided 16 percent of the city's revenues and 17 percent of the county's revenues in FY 1987/88. We assumed that the Merged Government would receive both the city's and the county's share of the property tax without any adjustments.

2. Sales Tax

Cities receive a 1 percent tax on all sales within their jurisdiction. Counties receive the same tax on all sales within their unincorporated area.

The sales tax provided 14 percent of the city's revenues and 7 percent of the county's revenues in FY 1987/88. The Merged Government would receive the sum of revenues currently collected by the city and the county.

3. Utility Users Tax

Only cities, and not counties, may levy a utility users tax under the State Constitution. The City of Sacramento is a chartered city which currently levies a tax of 7.5 percent on electric, gas, and telephone utility sales. The tax provided 11 percent of the city's total revenues in FY 1987/88.

In the opinion of Commission counsel, the combined City and County of Sacramento would continue to operate as a chartered city with the authority to levy a utility tax. In our revenue analysis, we assumed that the revenue base would remain unchanged, i.e., that the Metro Board would continue to levy the tax at the current rate and only within the current boundaries of the city.

In November 1988, Sacramento City voters approved an advisory measure which suggested that instead of reducing the utility tax to 5.0 percent in one-half percent annual increments over five years, that the rate be frozen at 7.5 percent

and the 0.5 percent increment each year be allocated to additional public safety programs until the total 2.5 percent increment is fully reallocated. We further discuss this issue in our Law Enforcement expenditure analysis in Section VI.H.

4. State Subventions

State subventions are taxes or fees collected by the state and distributed to cities and counties. Certain subventions are allocated using statutory formulas based on factors such as the population or total sales taxes of each city or county. State subventions of this type received by the City and the County of Sacramento include:

- Motor Vehicle In-Lieu tax
- Trailer Coach In-Lieu tax
- Cigarette tax
- Highway Users (Gas) tax.

These four subventions provided 7 percent of the city's revenues and 6 percent of the county's revenues in FY 1987/88, with most of the total coming from the motor vehicle in-lieu tax.

These subvention revenues become highly significant under the Merged Government because of the impact of the statutory allocation formulas. The effect of the formulas is to increase revenues under the Merged Government alternative above the combined current level of revenues for the city and the county. We discuss this impact in detail in subsection IV.C.

5. State and Federal Aid

State and federal aid are revenues restricted to specific programs. The county received a significant portion of its revenues from this source, or 48 percent in FY 1987/88. Most of these grants were allocated to specific income assistance programs such as Aid to Families with Dependent Children (AFDC). The city received insignificant revenues from this source, or less than 1 percent in FY 1987/88.

The Merged Government would assume the county's responsibilities for administering income assistance programs. As a result, these revenues remain unchanged under this scenario.

6. Enterprise Fund Revenues

The city and the county typically use enterprise funds to operate specific services that charge fees for their use, such as refuse collection, parking, and water supply. All revenues offset costs and revenues are restricted by policy to fund these programs.

Enterprise fund revenues provided 32 percent of the city's total revenues and 6 percent of the county's total revenues in FY 1987/88. Under the Merged Government, city and county enterprise funds providing similar services would be combined. We assumed that total combined revenues would remain unchanged.

B. REVENUE ANALYSIS FOR THE STATUS QUO ALTERNATIVE

In this subsection we present the key assumptions and results of our revenue analysis for the Status Quo alternative.

1. Key Assumptions for the Status Quo Alternative

The Status Quo alternative revenue analysis uses actual city and county revenues for FY 1987/88 as the base year. We did not include transfers between funds to eliminate any double-counting of revenues. From the base year, we estimated revenues through FY 1993/94.

Estimated revenues for the city through FY 1993/94 included all city funds and were based on projections prepared by city Finance Department staff. FY 1988/89 revenues were based on mid-year estimates prepared by city staff. Projections from FY 1989/90 through FY 1993/94 were presented in a memorandum titled *Five-Year Revenue Projections* presented to the City Council Budget and Finance Committee on February 14, 1989, with slight adjustments made to several enterprise funds in an additional memorandum dated February 21, 1989. These projections were in part based on projections developed by Data Resources, Inc. (DRI), under contract to the city, for the city's major revenue sources including the property tax, sales tax, and utility users tax.

We based our estimated revenues for the county from FY 1988/89 through FY 1993/94 on the following assumptions:

- We included all county funds except special district funds to be consistent with our expenditure analysis presented in Section VI
- Internal service fund revenues did not include revenues from other funds included in our analysis to avoid double-counting
- FY 1988/89 revenues equal amounts approved in the budget, except in the case of mid-year revisions provided by county staff for certain revenue sources

- Revenue estimates were developed for FY 1989/90 through FY 1993/94 based on assumptions for annual growth rates developed by us with input and review by county staff
- The impact of the State Trial Court Funding Act of 1988 has been accounted for in projections provided by county staff.

Approaches that we used to estimate the annual growth rate of county revenues through FY 1993/94 are explained below.

Projections Provided by County Staff

Projections for the property tax, sales tax, property transfer tax, fines, motor vehicle and trailer coach in-lieu taxes were based on annual growth rates provided by county staff.

Recent Five-Year Trend

Certain revenue sources were estimated based on a review of the trend in revenues from FY 1983/84 through FY 1987/88. We evaluated the historical compounded annual growth rate and anticipated changes in economic conditions. Revenues for the following sources were estimated in this manner: transient occupancy tax, use of money and property, state and federal, and other intergovernmental revenues, other revenues, enterprise funds, and internal service funds.

Growth in Population and Inflation

We estimated that other revenue sources would grow at a 2 percent annual population growth rate, plus a 5 percent annual inflation rate, for a total increase of 7 percent per year. Revenues from licenses and permits and charges for services were estimated in this manner.

City Projections for State Subventions

City staff have projected revenues from state subventions based on information from the State Controller's Office. County revenues for these subventions are based on similar growth factors as city revenues. As a result, we used the city's growth rates to project county revenues for the cigarette tax and gas tax.

A detailed description of the methodology and assumptions that we used for each county revenue source is provided in Appendix A.

2. City of Sacramento Revenue Analysis Results

The results of our analysis of city revenues is presented on the following page in **Exhibit IV-1**. From FY 1989/90 through FY 1993/94 the city estimates growth in its general fund revenues at the rate of 7.4 percent per year, with particularly strong growth in property taxes at 11.6 percent per year. Revenue growth in other governmental funds is estimated to remain flat after adjustment for proceeds from a debt issue in FY 1988/89. Revenue growth in enterprise funds is estimated to grow slowly at 3.1 percent per year. Total city revenues are projected to grow at 5.1 percent per year.

3. County of Sacramento Revenue Analysis Results

The results of our analysis of county revenues is presented in **Exhibit IV-2**, on the page following Exhibit IV-1. From FY 1989/90 through FY 1993/94 growth in revenues to the county's basic funds is estimated at 5.7 percent per year, with particularly strong growth in property taxes at 9.0 percent per year. The significant portion of county revenues derived from state and federal aid makes total revenue projections heavily dependent on assumptions for growth in these revenues. In general, state and federal aid revenues have been growing at a steadily slower rate since FY 1983/84. In FY 1987/88 these revenues grew 5.0 percent, less than any of the prior three years. Consequently, after making several upward adjustments in FY 1988/89 revenues for anticipated changes in trial court funding and income assistance programs, we then projected revenues to grow at 5.0 percent per year through FY 1993/94.

CITY OF SACRAMENTO REVENUE PROJECTIONS
(\\$000s)

	Actual FY 87/88	Midyear Estimate FY 88/89	FY 89/90	FY 90/91	Projected FY 91/92	FY 92/93	FY 93/94	Annual Growth (a)
Taxes								
Property Tax (b)	\$37,583	\$40,916	\$46,093	\$51,387	\$57,200	\$63,672	\$70,897	11.62%
Sales Tax	32,565	34,058	35,354	37,918	41,401	44,044	46,856	6.59%
Utility Users Tax	25,287	25,631	26,096	28,243	31,112	31,894	32,695	4.99%
Business Tax	2,933	3,083	3,249	3,451	3,696	3,992	4,311	6.94%
Property Transfer Tax	2,839	3,211	3,351	3,647	4,137	4,615	5,148	9.90%
Construction Tax	929	900	900	900	900	900	900	0.00%
Subtotal	\$102,136	\$107,799	\$115,043	\$125,546	\$138,446	\$149,117	\$160,807	8.33%
Licenses & Permits	3,225	4,057	5,080	5,125	5,195	5,406	5,450	6.08%
Fines & Forfeitures	1,668	2,076	2,300	2,359	2,407	2,452	2,497	3.76%
Use of Money & Property	2,742	1,984	1,580	1,603	1,624	1,635	1,649	(3.63%)
Intergov't Revenues								
Motor Vehicle Tax	10,892	11,485	11,875	12,350	12,845	13,358	13,893	3.88%
Trailer Coach Tax	78	126	94	104	114	125	138	1.84%
Cigarette Tax	931	822	811	799	786	773	761	(1.53%)
Other Intergov't	5,324	5,854	5,846	6,250	6,705	7,212	7,775	5.84%
Subtotal	\$17,225	\$18,287	\$18,626	\$19,503	\$20,450	\$21,468	\$22,567	4.30%
Charges for Services(b)	10,106	10,613	12,892	13,014	13,294	13,595	13,899	5.54%
Other Revenues	3,126	923	1,603	1,215	1,197	1,218	1,241	6.10%
Total General Fund	\$140,228	\$145,739	\$157,124	\$168,365	\$182,613	\$194,891	\$208,110	7.38%
Gas Tax Fund	\$4,950	\$4,933	\$4,943	\$4,961	\$4,980	\$4,999	\$5,020	0.35%
Community Center (c)	7,420	7,588	7,588	7,588	7,588	7,588	7,588	0.00%
Other Gov't Funds	2,277	7,944	624	937	1,444	1,358	1,793	(25.75%)
Total Other Gov't Funds	\$14,647	\$20,465	\$13,155	\$13,486	\$14,012	\$13,945	\$14,401	(6.79%)
Enterprise Funds (b)	74,324	82,433	82,647	84,789	88,063	91,997	96,205	3.14%
Net Internal Service (b)	2,330	2,602	2,668	2,707	2,732	2,747	2,764	1.22%
Use of Fund Balances	7,394							
Total All Funds	\$238,923	\$251,239	\$255,594	\$269,347	\$287,420	\$303,580	\$321,480	5.05%

Notes:

- Compounded annual increase from FY 1988/89 to FY 1993/94.
- Revenues exclude a total of \$1,418,000 and \$2,691,000 in payments from other funds in FY 1987/88 and FY 1988/89 respectively. Revenues were projected in the remaining fiscal years net of these interfund revenues.
- The primary source of revenue for the community center fund is the transient occupancy tax.

COUNTY OF SACRAMENTO REVENUE PROJECTIONS
(\$000s)

	Actual FY 87/88	Midyear Estimate FY 88/89	FY 89/90	FY 90/91	Projected FY 91/92	FY 92/93	FY 93/94	Annual Growth (a)
Taxes								
Property Tax	\$128,044	\$137,062	\$149,398	\$162,844	\$177,500	\$193,475	\$210,888	9.00%
Sales Tax	52,655	54,613	57,617	60,786	64,129	67,656	71,377	5.50%
Transient Occupancy	3,850	3,200	3,520	3,872	4,259	4,685	5,154	10.00%
Property Transfer	3,591	4,200	4,000	4,200	4,400	4,600	4,800	2.71%
Subtotal	\$188,140	\$199,075	\$214,535	\$231,702	\$250,288	\$270,416	\$292,219	7.98%
Licenses/Permits	11,044	12,712	13,602	14,554	15,573	16,663	17,829	7.00%
Fines/Forfeitures	11,994	11,546	12,123	12,729	13,366	14,034	14,736	5.00%
Use of Money & Property	13,232	13,992	14,992	14,992	14,992	14,992	14,992	1.39%
Intergovernmental Revenues								
Motor Vehicle	31,930	35,062	36,815	38,656	40,589	42,618	44,749	5.00%
Trailer Coach	408	200	200	200	200	200	200	0.00%
Cigarette Tax	1,583	1,500	1,485	1,470	1,455	1,441	1,426	(1.01%)
Gas Tax	13,044	13,420	13,756	14,099	14,452	14,813	15,183	2.50%
State & Federal Aid	364,633	412,652	433,285	454,949	477,696	501,581	526,660	5.00%
Other Intergov't	5,640	5,522	5,611	5,700	5,792	5,884	5,978	1.60%
Subtotal	\$417,238	\$468,356	\$491,152	\$515,074	\$540,184	\$566,537	\$594,196	4.87%
Charges for Services	27,691	30,015	32,116	34,364	36,770	39,344	42,098	7.00%
Other Revenues	19,706	22,628	22,628	22,628	22,628	22,628	22,628	0.00%
Total Basic Funds	\$689,045	\$758,324	\$801,148	\$846,043	\$893,801	\$944,614	\$998,698	5.66%
Enterprise Funds	47,186	68,112	60,120	62,405	64,776	67,237	69,792	0.49%
Net Internal Service (b)	31,720	35,079	36,728	38,454	40,261	42,154	44,135	4.70%
Use of Fund Balances	(9,855)	(1,356)						
Total All Funds	\$758,096	\$860,159	\$897,996	\$946,902	\$998,838	\$1,054,005	\$1,112,625	5.28%

Notes:

- a) Compounded annual increase from FY 1988/89 to FY 1993/94.
b) Net internal service fund revenues exclude payments from other funds.

C. REVENUE ANALYSIS FOR THE MERGED GOVERNMENT ALTERNATIVE

1. Key Assumptions for the Merged Government Alternative

Our revenue estimates for the Merged Government alternative are based on the sum of the Status Quo revenue estimates for the city and the county, except in the case of state subventions. For each of the four state subventions (motor vehicle, trailer coach, cigarette, and gas taxes) we developed a model based on the current statutory formula. Using these models we developed revenue estimates for FY 1987/88. Projections for FY 1988/89 through FY 1993/94 were based on the same average growth rates that we used for the city's and the county's Status Quo estimates.

State subvention models were developed under certain assumptions regarding the allocation of revenues to a combined city and county government. We based these assumptions on the opinion of Commission counsel regarding the likely apportionment of revenues under existing statutes. These assumptions are explained in detail in Appendix A, and discussed subsequently in subsection 3.

In addition to adjustments made for state subventions, we also eliminated revenues that the city and the county received from each other. For FY 1987/88, these revenues amounted to \$1.5 million that the city received from the county, and \$0.4 million that the county received from the city, for a total of \$1.9 million.

2. Merged Government Revenue Analysis Results

Our revenue analysis for the Merged Government alternative is presented in Exhibit IV-3, following this page.

MERGED GOVERNMENT REVENUE PROJECTIONS
(\$000s)

	Actual FY 87/88	Midyear Estimate FY 88/89	FY 89/90	FY 90/91	Projected FY 91/92	FY 92/93	FY 93/94	Annual Growth (a)
Taxes								
Property Tax	\$165,627	\$177,978	\$195,491	\$214,231	\$234,700	\$257,147	\$281,785	9.63%
Sales Tax	85,220	88,671	92,971	98,704	105,530	111,700	118,233	5.92%
Utility Users	25,287	25,631	26,096	28,243	31,112	31,894	32,695	4.99%
Business Tax	2,933	3,083	3,249	3,451	3,696	3,992	4,311	6.94%
Prop. Transfer	6,430	7,411	7,351	7,847	8,537	9,215	9,948	6.06%
Transient Occ.	11,270	10,788	11,108	11,460	11,847	12,273	12,742	3.39%
Construction Tax	929	900	900	900	900	900	900	0.00%
Subtotal	\$297,696	\$314,462	\$337,166	\$364,836	\$396,322	\$427,121	\$460,614	7.93%
Licenses/Permits	14,269	16,769	18,682	19,679	20,768	22,069	23,279	6.78%
Fines/Forfeitures	13,662	13,622	14,423	15,088	15,773	16,486	17,233	4.82%
Use of Money/Prop.	16,228	15,976	16,572	16,595	16,616	16,627	16,641	0.82%
Intergov't Revenues								
Motor Vehicle	60,852	65,495	68,403	71,440	74,612	77,925	81,385	4.44%
Trailer Coach	532	560	565	570	575	580	585	0.88%
Cigarette Tax	2,570	2,352	2,322	2,293	2,264	2,235	2,207	(1.26%)
Gas Tax	22,566	22,853	23,178	23,507	23,841	24,180	24,523	1.42%
State/Fed. Aid	364,633	412,652	433,285	454,949	477,696	501,581	526,660	5.00%
Other Gov't	9,082	9,494	9,575	10,068	10,615	11,214	11,871	4.57%
Subtotal	\$460,235	\$513,406	\$537,328	\$562,827	\$589,603	\$617,715	\$647,231	4.74%
Charges for Services	37,797	40,628	45,008	47,378	50,064	52,939	55,997	6.63%
Other Revenues	22,832	23,551	24,231	23,843	23,825	23,846	23,869	0.27%
Total Basic Funds	\$862,719	\$938,414	\$993,410	\$1,050,246	\$1,112,971	\$1,176,803	\$1,244,864	5.81%
Other Gov't Funds	2,277	7,944	624	937	1,444	1,358	1,793	(25.75%)
Enterprise Funds	121,510	150,545	142,767	147,194	152,839	159,234	165,997	1.97%
Net Internal Svc. (b)	34,050	37,681	39,396	41,161	42,993	44,901	46,899	4.47%
Use of Fund Bal.	(2,461)	(1,356)						
Total All Funds	\$1,018,095	\$1,133,228	\$1,176,197	\$1,239,538	\$1,310,247	\$1,382,296	\$1,459,553	5.19%

Notes:

- a) Compounded annual increase from FY 1988/89 to FY 1993/94.
b) Net internal service fund revenues exclude payments from other funds.

3. Issues Regarding State Subventions

Under the current formulas, the Merged Government would have received an increase of approximately \$23.0 million in subvention revenues compared to combined FY 1987/88 city and county revenues. Nearly all of this amount can be traced to the impact of the allocation formulas for the following two state subventions.

Motor Vehicle In-Lieu Tax

The apportionment formula for the motor vehicle in-lieu tax would result in an additional \$18.0 million above the FY 1987/88 combined revenues of the city and the county. The increase is based on the apportionment of revenues under two separate statutes, one pertaining to cities and one to counties. Commission counsel has determined that the combined city and county probably would receive revenues under both apportionments. Each apportionment is made on the basis of population, so the apportionment for the combined city and county would be calculated on the basis of the total population of the current City of Sacramento and the unincorporated area under each section of the statute.

Highway Users (Gas) Tax, Section 2107

The apportionment formula for Section 2107 of the gas tax would result in an additional \$4.8 million above FY 1987/88 city revenues. (The county currently does not receive an allocation under this section.) The increase is caused by the statutory formula which apportions the tax on the basis of population. We estimated that the population of the combined city and county would be 170 percent greater than the population of the current city, resulting in a greater apportionment under this tax.

The following key issues could affect these subvention revenue estimates.

The State Legislature Has the Authority to Change the Subvention Formulas

The State Legislature can change the subvention formulas which may result in a different apportionment of revenues to the combined city and county. Consequently, subvention revenues under the Merged Government alternative may be higher or lower than estimated in this analysis, depending on legislative action.

Temporary Population Estimate Based on Registered Voters

Section 11005.3 of the Revenue and Taxation Code mandates that cities incorporated after January 1, 1987 will estimate their population by multiplying the number of registered voters in the new city by three for the purpose of apportioning the subventions analyzed here. This type of population estimate will continue for eight years following the incorporation of the city, after which the population estimate will be provided by the State Department of Finance, as it is with all other cities and counties.

Basing population on three times the number of registered voters may lead to over-estimation of actual population. In the case of the combined city and county, population would be over-estimated by approximately 61 percent, and estimated revenues would increase by approximately \$22 million over the estimates presented in Exhibit IV-3. The Legislature adopted this method to provide new cities with temporary additional revenues to help the cities attain fiscal stability.

For this analysis we based our population estimates on actual residents and not on the three times registered voter formula. We assumed that the establishment of the combined city and county is not the incorporation of a new city, and therefore the population estimates based on registered voters explained above would not be applicable.

D. COMPARISON OF ALTERNATIVE REVENUE SCENARIOS

Exhibit IV-4, on the following page, summarizes and compares the Status Quo and Merged Government revenue analyses. Revenues for the base year (FY 1987/88) are about \$23 million higher than the combined revenues of the city and the county under the Status Quo alternative because of the impact of state subventions, as discussed in the previous subsection. Additionally, this estimate excludes about \$1.9 million of revenues that the city and county currently receive from one another. Under a Merged Government, failure to deduct these current revenues would amount to double counting.

From the base year, revenues are projected to grow at the same average rate as city and county revenues combined.

COMPARISON OF STATUS QUO AND MERGED GOVERNMENT REVENUE PROJECTIONS
(\$000s)

	Actual FY 87/88	Midyear Estimate FY 88/89	FY 89/90	FY 90/91	Projected FY 91/92	FY 92/93	FY 93/94	Annual Growth (a)
City Revenues	\$238,923	\$251,239	\$255,594	\$269,347	\$287,420	\$303,580	\$321,480	5.05%
County Revenues	758,096	860,159	897,996	946,902	998,838	1,054,005	1,112,625	5.28%
Revenue transfers btw. City/County	(1,882)	(1,882)	(1,882)	(1,882)	(1,882)	(1,882)	(1,882)	
Total Status Quo	\$995,137	\$1,109,516	\$1,151,708	\$1,214,367	\$1,284,376	\$1,355,703	\$1,432,223	5.24%
Merged Government	1,018,095	1,133,228	1,176,197	1,239,538	1,310,247	1,382,296	1,459,553	5.19%
Variance	\$22,958	\$23,712	\$24,489	\$25,171	\$25,871	\$26,593	\$27,330	2.88%

Notes:

a) Compounded annual increase from FY 1988/89 to FY 1993/94.

E. GANN LIMIT

Article XIII B of the California Constitution, the Gann Limit, provides for the establishment of and adjustment to a local government's annual appropriation limit. The Gann Limit is viewed by local government as both a revenue and expenditure issue. It is an expenditure issue to the extent a limit is placed on a local government's annual appropriations. And it is a revenue issue to the extent the local government's ability to expend revenue classified as proceeds of taxes is limited. The California Taxpayer's Association in its publication, *Growth Within Limits*, states that the Gann Limit's purpose is to control spending of tax revenue.

As a local government control mechanism, the Gann Limit needs to be considered in the context of this study. Two areas of the Gann Limit are germane to both the Merged Government and Increased Incorporation scenarios:

- How the Gann Limit will be set
- What the Gann Limit will be.

The impact of these two Gann Limit issues on this study is discussed in the remainder of this subsection.

1. Merged Government Alternative

Merging the City and the County of Sacramento would require the recognition of a Gann Limit for the reorganized government entity. Commission counsel issued a memorandum dated January 27, 1989 that discussed the issues surrounding the establishment of the Gann Limit. Legal counsel noted that there may be four options available for the establishment of a Gann Limit in the reorganized government, as summarized below.

- The city and county could transfer their existing appropriations limits to the new entity along with the transfer of services

- If the reorganization is governed by the Cortese-Knox Local Government Reorganization Act of 1985 (Cortese-Knox), voter approval of a new limit is required statutorily
- If the reorganization is not governed by the Cortese-Knox Act, legislative amendment could provide for voter approval of a new Gann Limit in a manner similar to that required by the Cortese-Knox Act
- The city and county could establish an appropriations limit based upon the transfer of services and submit that limit to the voters for approval in the Charter election.

The Commission has not reached a decision on which of the options to pursue. Discussions to date suggest the Commission will likely follow the provisions of the Cortese-Knox Act and submit a Gann Limit to the voters for approval in the Charter election.

In part, we based our estimate of a Gann Limit for the Merged Government on the FY 1987/88 combined appropriation limits for the city and the county, and the combined FY 1987/88 appropriations that were subject to that limit. This data is presented in Table 1-IV below.

Table 1-IV
FY 1987/88 Gann Limit and Appropriations
Subject to Limit
(000's)

	<u>City</u>	<u>County</u>	<u>Combined</u>
Gann Limit	\$198,675	\$213,271	\$411,946
Appropriations Subject to Limit	<u>139,198</u>	<u>181,200</u>	<u>320,398</u>
Difference	\$ 59,477	\$ 32,071	\$ 91,548
Difference as Percent of Gann Limit	29.9%	15.0%	22.2%

There exists significant uncertainties in projections of future revenue and expenditure patterns of a combined city and county government. As a result, we determined that simply combining the existing Gann Limits for the city and the county to calculate a limit for the combined government could pose significant fiscal constraints in the future for this new entity. In particular, we adjusted appropriations subject to the Gann Limit to account for the following factors.

Charges for Services

Revenue from charges for services are exempt from appropriations subject to the Gann Limit, and are not included in Table 1-IV. Yet it would be speculative for us to assume that current services supported by these charges would continue to be financed in this manner under the Merged Government alternative. The new Metro Board could decide to finance these services by proceeds of taxes that would be subject to the Gann Limit. As a result, we added FY 1987/88 revenues from charges for services to the city and county's existing appropriations subject to the limit before calculating a new limit for the Merged Government.

Additional Services Provided by the Merged Government

We estimate in Section VI that the Merged Government alternative would incur \$17.1 million in additional costs for services such as traffic enforcement, local community council operations and planning services, and equalization of salaries and benefits. Appropriations for these services could be financed by proceeds of taxes subject to the Gann Limit. As a result, we added the FY 1987/88 estimated costs of these services to the city and county's existing appropriations subject to the Gann Limit before calculating a new limit for the Merged Government.

Additional State Subvention Revenues

The comparison of revenue projections for the Status Quo and Merged Government scenarios presented in subsection D indicates that a combined city and county government would receive an additional \$23.0 million in revenue from state subventions. Of this total, \$18.1 million is classified as proceeds of taxes that would be subject to the Gann Limit. To ensure that the Merged Government would be able to appropriate this additional revenue, we added this revenue to the city and county's existing appropriations subject to the Gann Limit before calculating a new limit for the Merged Government.

After making the adjustments to appropriations noted above, we then calculated a new combined Gann Limit based on the same percentage difference between existing appropriations subject to the Limit and the existing Gann Limit. The results of these calculations are presented in Table 2-IV below.

Table 2-IV
Estimated FY 1987/88 Gann Limit
for Merged Government Alternative
(000's)

City and County Appropriations Subject to Gann Limit	\$320,398
Charges for Services	
City ^(a)	13,331
County	27,691
Merged Government Additional Costs	17,083
Additional Revenue from State Subventions Subject to the Gann Limit	<u>18,132</u>
Total Appropriations Potentially Subject to Gann Limit	\$396,635
Augmentation Factor to Maintain Existing 22.2% Difference Between Appropriations and Gann Limit	x <u>1.285</u>
Gann Limit for Merged Government	<u>\$509,676</u>
Appropriations as Percent of Gann Limit	22.2%

(a) City charges for services revenue includes all licenses and permits revenue that the city excluded from the Gann Limit calculations because this revenue is a regulatory charge for services. These revenues are included in the county's existing calculation of appropriations subject to the Gann Limit.

Based on the calculations presented above, we would recommend a Gann Limit of \$509,676,000 for the combined city and county government in FY 1987/88 dollars.

2. Increased Incorporations and Annexations Alternative

The Gann Limit also impacts our analysis of future incorporations in Sacramento County. The calculation of the Gann Limit for newly incorporated cities is governed by the Cortese-Knox Act. Under this statutory provision the Local Agency Formation Commission (LAFCO) determines the Gann Limit and that limit is subject to voter approval at the incorporation election.

Perhaps the more difficult issue of incorporation is the impact of the newly incorporated cities' Gann Limit on the county's existing limit. Section 3 of Article XIII B provides for the adjustment of the Gann Limit when financial responsibility of providing services is transferred from one entity to another. Under Section 3, the Gann Limit of the entity that is losing service responsibility is to be decreased by the same amount as the Gann Limit is increased for the entity that is gaining service responsibility. The amount of the transfer is to be mutually agreed upon.

Section 3 has been subject to many interpretations throughout the state. For purposes of this study we will rely on the assumptions contained in LAFCO's analysis of proposed incorporations. In the cases of Citrus Heights and Elk Grove, LAFCO recommended a Gann Limit approximately three times first year revenues for the new city, and no reduction in the county's Gann Limit. Consequently, we determined that the Increased Incorporations and Annexations alternative would have a negligible fiscal impact on the county or the city with regard to their respective Gann Limits.

V. ANALYSIS OF DEBT



V. ANALYSIS OF DEBT

This report section analyzes the impact of government reorganization on the outstanding debt of the City of Sacramento and Sacramento County. Additionally, the section assesses the potential change in debt capacity of the city and county under a Metropolitan Government.

A. CURRENT DEBT STRUCTURE

A variety of debt financing techniques have been used in the city and county over the years. For purposes of this analysis, debt is defined as long-term financing which is secured by sources other than liens on benefited properties. This definition excludes short-term borrowings (i.e., tax revenue anticipation notes) and special assessment district bond financing. Included in the analysis are general obligation bonds, certificates of participation, and revenue bond financings.

Information on outstanding indebtedness was provided by the county's Auditor-Controller, the city's Finance Director and the Audited Financial Statements for FY 1987/88 for both the city and county. **Exhibit V-1**, following this page, summarizes the county's debt structure as of June 30, 1988. **Exhibit V-2**, following Exhibit V-1, presents the city's debt structure as of the same date.

1. Debt Capacity

The California Constitution and state statutes create a debt limitation on the issuance of general obligation bonds by local government entities. The limitations are expressed as 15 percent and 5 percent (with certain exceptions) of assessed valuation for a city and county, respectively. Table 1-V presents the

COUNTY OF SACRAMENTO
LONG-TERM BONDED INDEBTEDNESS^{a/}
(As of June 30, 1988)

<u>Year of Issue</u>	<u>Description</u>	<u>Purpose</u>	<u>Amount Issued</u>	<u>Amount Outstanding as of 6/30/88</u>
1972	Revenue Bonds	Parking Structure	\$3,140,000	\$1,775,000
1973	General Obligation Bonds	Parks Development	12,600,000	6,110,000
1984	Certificates of Participation	New Main Jail	62,900,000	62,900,000
1985	Certificates of Participation	Telecommunication System	11,700,000	10,100,000
1987	Certificates of Participation	New Parking Garage	9,490,000	9,490,000
1987	Certificates of Participation	Spink Building Project	3,130,000	3,130,000
1988	Certificates of Participation	Cherry Island Golf Course	9,575,000	9,575,000
	TOTAL		\$112,535,000	\$103,080,000

a/ Does not include Regional Sanitation District, Branch Jail Expansion, Juvenile Hall Expansion, or Mental Health Center debt obligations.

CITY OF SACRAMENTO
BONDED INDEBTEDNESS^{a/}
(As of June 30, 1988)

Year of Issue	Description	Purpose	Amount Issued	Amount Outstanding as of 6/30/88
1960	Revenue Bonds - Series A	Water	\$6,000,000	\$3,120,000
1961	Revenue Bonds - Series B-I	Water	8,000,000	4,045,000
1961	Revenue Bonds - Series B-II	Water	7,905,000	4,040,000
1977	Revenue Bonds - Series C	Water	3,095,000	2,700,000
1962	Revenue Bonds - N. Sacto	Water	2,500,000	725,000
1968	Revenue Bonds - Series A	Sewer	8,000,000	4,665,000
1968	Revenue Bonds - Series A	Parking Authority	8,000,000	4,660,000
1975	Revenue Bonds - Series B	Parking Authority	5,450,000	3,900,000
1977	Revenue Bonds	Lease	2,700,000	2,235,000
1965	General Obligation - Series A	Flood and Drainage	5,500,000	2,015,000
1966	General Obligation - Series B	Flood and Drainage	5,000,000	2,140,000
1971	General Obligation - Series C	Flood and Drainage	4,500,000	2,900,000
1983	Certificates of Participation		8,160,000	5,240,000
1985	Certificates of Participation		5,000,000	4,285,000
1985	Certificates of Participation		29,365,000	29,365,000
1986	Certificates of Participation		14,490,000	14,105,000
1987	Certificates of Participation		41,650,000	41,650,000
TOTAL			<u>\$165,315,000</u>	<u>\$131,790,000</u>

a/ Does not include Sacramento Housing and Redevelopment Authority obligations.

assessed values and outstanding debt as a percent of assessed value for the city's and county's current outstanding general obligations. Table 2-V, presents the same information as Table I-V for all debt obligations. Under both analyses, the city's and county's outstanding debt is well within the legal debt limits.

Table I-V
Assessed Values and General Obligation Debt Limits
FY 1987/88

	<u>City</u>	<u>County</u>
Net Assessed Valuation (000's)	\$10,400,880	\$30,320,000
Outstanding General Obligation Debt as a Percent of Assessed Value	0.07%	0.02%

Table 2-V
Assessed Values and Long-Term Debt Limits
FY 1987/88

	<u>City</u>	<u>County</u>
Net Assessed Valuation (000's)	\$10,400,880	\$30,320,000
Outstanding Long-Term Debt as a Percent of Assessed Value	1.27%	0.34%

A second measure of a jurisdiction's outstanding debt is debt per capita. Table 3-V presents the per capita debt for all current debt obligations for the city and county. Generally accepted financial policies would consider per capita debt for a city or county government (including overlapping jurisdiction debt) in excess of approximately \$1,000 per capita to be too high. The city and the county appear to be well below that limit.

Table 3-V
Debt Per Capita
FY 1987/88^(a)

	<u>City</u>	<u>County</u>
General Obligation Debt	\$20.72	\$6.58
Other Long-Term Debt	\$366.27	\$110.94
<hr/>		
(a) City population estimate:	340,559	
County population estimate:	929,184	

2. Debt Service Requirement for Outstanding Obligations

Exhibit V-3, following this page, summarizes the debt service requirements for the city and county for fiscal years 1988/89 through 1993/94. These schedules show the total principal and interest payments for current outstanding long-term debt. These debt service payment schedules correspond to the outstanding debt presented in Exhibits V-1 and V-2.

**LONG-TERM DEBT SERVICE REQUIREMENTS
CITY OF SACRAMENTO
(\$000s)**

Fiscal Years 1988/89 – 1993/94

Description	Purpose	FY 1988/89	FY 1989/90	FY 1990/91	FY 1991/92	FY 1992/93	FY 1993/94
Revenue Bonds	Water	\$1,276	\$1,274	\$1,277	\$1,998	\$1,241	\$1,403
Revenue Bonds	Sewer & Parking	540	545	548	545	542	548
Revenue Bonds	Lease	1,021	1,023	1,019	1,023	1,024	1,021
General Obligation	Flood and Drainage	861	853	860	870	864	699
Certificates of Participation		10,392	11,221	11,226	11,233	11,231	8,222
TOTAL		\$14,090	\$14,916	\$14,930	\$15,669	\$14,902	\$11,893

**LONG-TERM DEBT SERVICE REQUIREMENTS
COUNTY OF SACRAMENTO
(\$000s)**

Fiscal Years 1988/89 – 1993/94

Description	Purpose	FY 1988/89	FY 1989/90	FY 1990/91	FY 1991/92	FY 1992/93	FY 1993/94
General Obligation	Parks Development	\$1,041	\$1,046	\$1,048	\$1,058	\$1,060	\$1,065
Revenue Bonds	Parking Structure	240	242	244	250	251	256
Certificates of Participation	New Main Jail *	16,718	5,500	5,600	5,600	5,700	5,800
Certificates of Participation	Telecommunication *	2,691	2,000	2,100	2,200	2,300	2,400
Certificates of Participation	New Parking Garage	751	751	916	916	914	917
Certificates of Participation	Spink Building Project	454	440	441	440	437	427
Certificates of Participation	Cherry Island Golf	809	746	854	852	851	849
TOTAL		\$22,703	\$10,726	\$11,203	\$11,317	\$11,514	\$11,713

* Variable interest expense estimated at approximately 8 percent.

B. DEBT STRUCTURE UNDER GOVERNMENT REORGANIZATION

The proposed Charter language provides that existing indebtedness of the city and county will be assumed by the new Metropolitan Government. If the proposed Charter language regarding debt obligations is adopted, then the existing debt structure will be effected as discussed below:

- Total debt capacity will increase as a result of aggregating the individual population and assessed values of the city and county
- Outstanding debt will be assumed by the Metropolitan Government and total debt service payments will remain the same.

1. Debt Capacity

Table 4-V shows total outstanding debt to be assumed by the Metropolitan Government and the ratio of outstanding debt to assessed value and debt per capita for the Merged Government. This table assumes that the merged government was in existence as of FY 1987/88.

Table 4-V
Ratio of Total Debt Obligations to Assessed Value
and Debt Per Capita for the Metropolitan Government
(FY 1987/88)

Outstanding Debt	\$234,870,000
Ratio of Outstanding Debt to Assessed Value	0.57%
Debt Per Capita	\$252.77

The projected Metropolitan Government's outstanding debt ratio is well below the statutory limits and is within accepted norms of good governmental financial practices. These estimated debt limits would not adversely impact the municipal bond rating of a new Merged Government.

2. Debt Service Requirements for Outstanding Obligations

Exhibit V-4, following this page, presents long-term debt service requirements of the Metropolitan Government for fiscal years 1988/89 through 1993/94. The exhibit is merely an aggregation of the separate city and county debt service requirements presented previously in Exhibit V-3. The debt service costs in this exhibit, based on existing outstanding indebtedness, are included in our projections of total future Merged Government costs.

**LONG-TERM DEBT SERVICE REQUIREMENTS
METROPOLITAN GOVERNMENT
OF SACRAMENTO
(\$000s)**

Fiscal Years 1988/89 – 1993/94

<u>Description</u>	<u>Purpose</u>	<u>FY 1988/89</u>	<u>FY 1989/90</u>	<u>FY 1990/91</u>	<u>FY 1991/92</u>	<u>FY 1992/93</u>	<u>FY 1993/94</u>
General Obligation	Various	\$1,902	\$1,899	\$1,908	\$1,928	\$1,924	\$1,764
Revenue Bonds	Various	3,077	3,084	3,088	3,816	3,058	3,228
Certificates of Participation	Various	31,814	20,658	21,136	21,241	21,433	18,615
TOTAL		<u>\$36,793</u>	<u>\$25,642</u>	<u>\$26,133</u>	<u>\$26,986</u>	<u>\$26,416</u>	<u>\$23,606</u>

C. CONCLUSIONS

Elsewhere in this report, we project over the next six fiscal years for the Merged Government total government operating costs and capital outlay costs. The projected capital outlay costs are all assumed to be financed internally by the Merged Government with no required additional long-term debt.

Our Merged Government projections do not include estimates of any needed future bond financings. Just as it is difficult to estimate needed bond financings over the next six fiscal years for either the existing city or county, it is likewise speculative to estimate for a Merged Government.

For accounting purposes we have assumed that any additional capital outlays that cannot be provided by pay-as-you-go financing for the Merged Government will be provided by a municipal financing with bond proceeds sufficient to cover the one time outlay and with revenues sufficient to cover debt service payments. This assumption is consistent with how we developed our financial model based on historical cost and revenue data which did not include externally financed capital outlays.

As a result of our debt analysis, nothing has come to our attention to indicate any possible negative impact on the future debt rating or cost of capital for a new Merged Government. This assumes adoption of the proposed Charter language regarding the assumptions of debt obligations.

VI. ANALYSIS OF EXPENDITURES



Arthur Young
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

VI. ANALYSIS OF EXPENDITURES

This section describes the current staffing and costs of services provided by the City and the County of Sacramento, and six-year projections of these data under the Status Quo and Merged Government alternatives. The section is organized as follows:

- A. Significant Factors Affecting Services and Costs
- B. Countywide Services and Costs Not Affected Directly
- C. Legislative
- D. Administration and Finance
- E. Information Systems and Data Management
- F. Personnel Administration
- G. LCC Operations
- H. Law Enforcement.
- I. Fire
- J. Animal Control
- K. Planning and Development
- L. Public Works - Transportation
- M. Public Works - Solid Waste
- N. Public Works - Flood Control/Water/Wastewater
- O. Public Works - Other
- P. General Services
- Q. Parks and Recreation
- R. Library
- S. Retirement
- T. Salary and Benefit Costs
- U. Other Costs
- V. Summaries of Total Expenditures by Alternative.

A. SIGNIFICANT FACTORS AFFECTING THE ANALYSIS OF SERVICES AND COSTS

There are various operational, administrative, and political factors which will substantially influence the actual service levels and costs of future Sacramento area government. We have attempted to identify and evaluate each factor which would materially affect estimates of future services and costs. Those issues that have been included in our analysis are described in this subsection of the report.

1. Improved Services Expressed as Staffing and Cost Efficiency Gains

In the analysis of services under a Merged Government, we consistently show the fiscal benefits in terms of full-time equivalent (FTE) positions gained and cost efficiency gains (or cost savings). This approach focuses on the efficiency-related changes anticipated by the merger, which can be expressed as:

- Higher service levels for the same costs
- The same service levels for lower costs
- Some combination of the above two outcomes.

In completing this type of analysis, the major consideration is workload, i.e., number and type of services performed per FTE. We did not, however, attempt to quantify the effectiveness or service quality improvements which should occur. For example, a consolidated law enforcement organization should clear proportionately more serious crimes because of improved coordination and utilization of resources. There is a fiscal benefit to this increased effectiveness, but it is very difficult and speculative to quantify it. Accordingly, we estimated only the efficiency-related gains in our analysis.

It should also be emphasized that the cost efficiency gains expressed herein were not estimated on an aggressive basis. Generally we applied a conservative approach in developing these estimates. The merger of two large organizations performing like functions offers an unique opportunity to objectively evaluate operating inefficiencies and staffing requirements from the bottom up. Based upon our experience developing detailed staffing standards for the City and County of Jacksonville, Florida when it consolidated, consolidations of this type may achieve savings of 10 percent or more. Estimates of efficiency gains in our analysis typically are lower, i.e., in the 5 to 8 percent range.

The extent to which total expenditures would actually be reduced or that cost efficiency gains would be converted into improved service levels under a Merged Government is uncertain. Our initial public opinion survey and other information available to the Commission indicate that Sacramento area voters want more and/or better services, particularly in law enforcement, planning, transportation, and areas of environmental quality. If the Merged Government is enacted, and if this scenario prevails, the cost savings estimated herein would not materialize. However, generally equivalent (on a cost basis) service improvements should occur.

2. Effects of Changing Conditions and Future Political Decisions

Cost projections presented in this section assume a fairly constant political, social, and economic environment. No major changes in these areas are anticipated (other than the government restructuring we were commissioned to study). However, conditions affecting the decisions of elected officials are changing constantly. There is a low probability that future total service costs will parallel our projections or that the allocation of total costs among competing service areas will remain substantially the same as current allocations.

3. Two Service Districts

The Commission is considering a Charter requirement for two service districts, i.e., an urban service district and a general service district. The urban district would consist initially of all of the current city area; the general service district would be comprised initially of the county unincorporated area. The Metro Board would be responsible for determining the level of services and taxes within each district, and for determining whether the boundaries of the two districts should change over time.

For purposes of our analysis, we believe the establishment of separate service districts would restrict the extent to which efficiency gains could be realized in certain services. The service areas affected most are those which use field deployment of personnel, such as law enforcement, parks maintenance, and animal control. Continuation of artificial geographic boundaries would eliminate or decrease considerably the efficiency gains otherwise achievable through more coordinated planning, scheduling, and deployment of field personnel. To a lesser extent, efficiency gains related to caseloads originating in different geographic areas also would be restricted (e.g., law enforcement detectives). Without the artificial barriers, managers could plan and deploy personnel based upon relative need and the most efficient designs of geographic areas and routes.

The concept of two service districts evolved as the result of two primary issues:

- A perception that service levels are higher (better) in the city than in the county, and that these higher levels must be maintained (or taxes reduced) if there is to be an equitable delivery of services pre- and post-merger.
- The fact that city residents pay a 7.5 percent utility tax and county residents do not. This is the only significant taxation difference between residents of the two jurisdictions insofar as general city and county government services are conceived (i.e., excluding special districts, enterprise fund services such as refuse collection, and any similar special purpose local revenues and expenditures).

Based solely on general comparisons of FTEs per 1,000 population and expenditures per capita, the city appears to provide a higher level of service in selected areas but not in all. For example, the following differences in these two ratios were calculated from the FY 1987/88 budgets.

Table 1-VI
Comparison of Selected FTE and Expenditure Ratios
(FY 1987/88)

<u>Service Area</u>	<u>Total FTEs Per 1,000 Population</u>		<u>Expenditures Per Capita</u>	
	<u>City</u>	<u>County</u>	<u>City</u>	<u>County</u>
Law Enforcement	2.66	1.21	\$142.79	\$71.16
Planning and Development	.41	.37	21.63	17.60
DPW - Transportation	.78	.41	51.98	24.62
Animal Control	.06	.07	2.44	3.07

The above data shows marked differences in the city's favor in the ratios for law enforcement and transportation, a lesser difference in Planning and Development, and a difference in favor of the county for Animal Control. Unfortunately, these data do not consider other factors such as the following:

- There is no consideration of variations in relative need for a service which, in turn, affect whether it is being delivered equitably. For example, a detailed analysis of police workload may show proportionately more crime (or more serious crime) and calls for service in the city. This need, therefore, would require allocation of more police resources than in the county. Furthermore, *within* the city and *within* the county we know that law enforcement resources are not distributed *equally*; they are, however, assumed to be distributed *equitably* based upon relative need.
- The general comparisons that are possible now with available data do not compensate for the substantial special district services and expenditures in the unincorporated area. Fire, water and parks and recreation are three major service areas which are provided through special districts in the county. Most of these expenditures are not in the county's budget, but the comparable costs are in the city's.

- Finally, general data comparisons do not recognize differences in accounting and workload (need) reporting between otherwise comparable city and county departments. Accounting differences are apparent in several areas of public works and substantial reporting differences seem to exist in law enforcement. In both instances, the differences could result in misunderstandings regarding the comparability of service levels.

For the purposes of our analysis in this report, we first assume fully merged services in all cases, without restrictions imposed by two service districts. The efficiency gains estimated in this manner then were reviewed generally to derive a *rough estimate* of the reductions in efficiency gains which might occur if the requirement for two service districts is imposed.

4. County Costs and FTEs for Services to the Unincorporated Area

The unincorporated area of Sacramento County receives municipal-type services from either the county government or special districts (e.g., fire, water, parks, etc.). The expenditure analysis completed under this study was limited to county-supplied services; special districts were not included. Also, the analysis concentrated on unincorporated area service costs because it is these services that would realize the majority of efficiency savings under a Merged Government.

Currently, the county's costs of providing services to the unincorporated area are estimated by those departments that perform these services and countywide services. For example, the Sheriff's Department estimate of unincorporated area costs:

- Excludes all direct costs of divisions performing countywide services, such as Corrections
- Includes all direct costs of divisions performing only unincorporated area services, such as Patrol

- Allocates, on varying percentage bases, the costs of support and administrative units, such as the Office of the Sheriff.

The process for other affected county departments is similar and we have used the results of these FY 1987/88 **cost** allocations in our analysis. FY 1987/88 was selected as the base year because it is the last full year for which actual expenditures are available. However, allocations of **FTEs** to unincorporated area services are not estimated by all county departments for budget purposes. Consequently, our staff estimated the FTE allocations, usually on the basis of FY 1987/88 organization information, but occasionally using 1988/89 (current) organization charts for some county departments. The fact that two different fiscal years were sometimes involved in the county part of this process is not considered significant. Changes in **unincorporated area** staffing between the two years were relatively minor or were accounted for in our calculations.

5. Efficiency Gains Estimated for Special Districts

Certain county and city departments -- primarily county public works -- provide general fund services as well as services to special districts (parks and sanitation districts) for which they are reimbursed. In the case of special districts, any FTE or cost efficiencies resulting from a city-county merger should theoretically be shared proportionately. This assumes the efficiency gains are not isolated to units having no association with the special district expenditures.

To illustrate this circumstance, 97 percent of county public works costs for Flood Control, Water, and Wastewater services are attributable to special districts, and 2 percent of city public works expenditures are of this type. Upon consolidating the two units, 47 percent of the resulting efficiencies should accrue to special districts and not to the general Metro Government. Nevertheless, these efficiency gains should not be excluded from our analysis because they flow to all or some subset of Sacramento County taxpayers. Accordingly, they are noted in this report where appropriate, but are included in the total estimates of FTE and cost efficiencies resulting from the merger.

6. Equalization of Salary and Benefit Costs

As merged city-county departments start providing services, existing separate bargaining units and memoranda of understanding should also be consolidated. Details on how labor and management accomplish these changes are matters reserved for negotiation. For purposes of our fiscal analysis, however, the Commission has adopted the premise that no employee should receive a reduction in the total value of his/her salary and benefits. Whether the variations in existing salaries and benefits (for the same or similar classes) will be equalized to any extent after the merger is subject to the meet and confer process.

Because the future disposition of this issue will be negotiated, we cannot reasonably estimate the costs which will result, if any. Consequently, we have separated this analysis from the analysis of specific service areas (see subsection T). Also, our approach involves development of a mid-range estimate of equalization costs which could be much less or much more based upon negotiation results. These results, in terms of added costs of a merged government, may or may not approximate the estimates contained in this report.

7. General Cost Estimating Methods and Assumptions

A merger of city and county government would directly affect the operating costs of certain direct and support services. Included here are all services which are duplicated between the two current government organizations. In these cases, costs should decrease per capita for the same level of service, or service levels should increase for the same costs (i.e., efficiency gains).

The techniques used to estimate the cost efficiency gains in each service area followed a common general methodology, supplemented where appropriate to deal with factors unique to each area. Our general methodology is described below.

- Unless noted otherwise in the service area discussions, all costs are based upon FY 1987/88 budgets for the city and county.
- Salary costs were estimated based upon the average of the city and county mid-point salary for the same classification, or at least substantially similar classifications. Where more than one classification is included in a personnel category (e.g., "clerical classes"), we developed an average salary based upon the mid-point pay for two or three classifications common to the city and county (e.g., a secretary and typist clerk in the "clerical classes").
- The costs of fringe benefit packages were calculated for the various employee bargaining units. The average of the applicable city and county costs then was applied to the salary average to derive a total compensation cost per FTE.
- Non-compensation costs (services, supplies, and equipment) were developed one of two ways:
 - The first method used a percentage allocation of the total non-compensation costs for the city and county. The estimated FTE efficiency gains were divided by the total pre-merger FTEs to derive a percentage which then was applied to half or one-third of the total non-compensation budgets. This approach assumes that a fairly substantial portion (50 percent or 67 percent) of non-compensation costs is relatively fixed and will not decrease or increase proportionate to changes in numbers of FTEs.
 - The other method involves a specific, individualized assessment where the service area has unusual levels of non-employee related costs (e.g., contract services for construction), or has special costs associated with some or all employees. Law Enforcement is an example of the latter situation because of the need for large numbers of specially-equipped vehicles, special personal safety equipment, and high ongoing training requirements. In this service area we estimated the larger direct support costs (e.g., \$4,625/year for an unmarked general purpose car) and applied an additional

general estimate for other non-compensation costs (e.g., \$6,000/year for positions above a first-line supervisor and \$5,000/year for all others).

8. Attrition of Employees and Realization of Improved Services

Our analysis of the Merged Government alternative assumes certain attrition rates for current city and county position incumbents. In turn, employee attrition results in cost reductions or efficiency gains when fewer positions are needed to perform the same services under a merged organization. Key assumptions regarding this part of the cost analysis are as follows:

- No current employee will be terminated solely because of a government merger
- Average attrition rates were obtained from city and county sources. For the most part, these were generalized and did not differentiate between management and other classifications. We assumed that management positions (above first-line supervisors) are vacated at half the rates we were provided for total employees. Adjustments in the attrition rates were made to reflect this key assumption, before they were used in our analysis.
- The application of attrition rates also incorporated the effects of projected growth rates. For example, the Planning and Development service area has experienced high per capita FTE growth in the past four years, and this growth is projected to continue. The combination of increases in FTEs and attrition allow actual savings or efficiency gains to be realized at a faster pace.

Our approach to calculating the actual realization of FTE efficiency gains is fairly aggressive for the reasons just stated as well as the following reasons:

- Within certain reasonable limitations, higher classified personnel can be assigned on a temporary basis to positions normally occupied by the next lower class, as long as there is no reduction in pay or benefits during the temporary assignment.

- Many classifications are used in providing countywide services as well as unincorporated area and city services. Examples include nearly all clerical classes, administrative assistants, and Sheriff's deputies, sergeants, lieutenants, and captains. In these instances, the universe of positions to which the attrition rate applies is much larger.

9. Timing of Key Actions

In our analysis of the **projected** costs of a Merged Government, certain assumptions were made regarding when key actions would occur, particularly the timing of the vote on a new charter and the scheduling of LCC elections and full operation. These assumptions were described in Section III of this report. To the extent that these assumptions do not hold true, actual projected costs and efficiency savings will differ from estimates presented herein.

10. Projections of Costs and FTEs

Our approach to projecting costs usually assumed that the average annual compound rates of growth in per capita expenditures and FTEs per 1,000 population for the last five fiscal years would remain constant over the next six fiscal years for each service area. Separate growth rates were calculated for each of these two measures, by department, for the city and the county. These growth rates, along with projected city and county population, were used to project most of the Status Quo expenditures and FTEs for the next six fiscal years. In some instances, however, recent year-to-year anomalies caused us to adjust the actual growth rates so that the projections would not carry forward the consequences of temporary programmatic or accounting fluctuations. An example would be the recent decreases in Solid Waste FTEs per 1,000 population due to automation of refuse pickups, which is nearly implemented systemwide.

The average annual compound rate of growth in per capita expenditures encompasses several different factors that affect growth, including:

- Inflation
- Increases in salaries and benefits
- Programmatic changes
- Department-specific factors.

The average annual compound rate of growth in FTEs per 1,000 population encompasses programmatic changes and department-specific factors only. Population increases were accounted for by multiplying the projected expenditures per capita, or FTEs per 1,000 population, by the projected population. Thus, all major factors affecting growth were taken into consideration.

Our approach to projecting costs under the Merged Government scenario was to first estimate savings assuming the Merged Government was 100 percent implemented in FY 1987/88. These savings, for both FTEs and expenditures, then were subtracted from the corresponding sums for the total of both the city and the county under the Status Quo. The resulting estimate of FY 1987/88 FTEs and expenditures for each department under the Merged Government then was converted to estimated FTEs and expenditures per capita. The two per capita estimates were projected for the next six fiscal years (i.e., to FY 1993/94) using the same average annual compound rate of growth that was calculated for the growth of the combined city and county governments under the Status Quo alternative. The projections of per capita FTEs and expenditures then were converted into total projections of FTEs and expenditures for each fiscal year using the estimated total county population (less the populations of Folsom, Isleton, and Galt).

B. COUNTYWIDE SERVICES AND COSTS NOT AFFECTED DIRECTLY

There are various service-related and other costs of a countywide nature that are not affected directly in fiscal terms by the proposed city-county merger. Examples include service areas such as the District Attorney, Courts, Probation, and Welfare, and other centralized costs such as debt retirement. Indirectly, these service areas would be affected by having different central administrative and elected organizations to deal with, and in some instances one less operating department to coordinate with (e.g., District Attorney and Courts coordinate with only one Law Enforcement department). This latter development should be more efficient but we have not attempted to quantify it in terms of financial or FTE efficiency gains.

Although the current countywide services and costs may not be affected directly, they need to be accounted for in order to compare expenditures to revenues on an equitable basis, both for the Status Quo and Merged Government alternatives. Accordingly, Exhibits VI-1 and VI-2 are provided on the next two pages. The first exhibit identifies the specific non-affected actual countywide costs for FY 1987/88, as well as the average compounded annual growth rates for the past four years (FTEs per 1,000 population and expenditures per capita). The second exhibit presents the six-year projections of the FY 1987/88 costs.

The high historical growth rate of Other Countywide FTEs per 1,000 population is primarily due to programs established since 1983 (e.g., the Environmental Management Department). By excluding these new programs, the historical growth rate drops to 0.05 percent, which is the rate that was used in the six-year projections for Other Countywide FTEs.

NON-AFFECTED COUNTYWIDE SERVICES AND COSTS --

FY 1987/88 ACTUALS

(Dollars in 000's)

Cost Category	FTEs	Personnel	Other	Total	(a) 4-Year Growth Rate	
					FTEs	Costs
I. Services						
Airport	164	\$5,949	\$9,895	\$15,844	2.10%	10.11%
Assessor/Assessment Appeals Board	177	6,198	979	7,177	-1.87% ^(b)	4.15%
Coroner	67	2,468	1,233	3,701	6.47%	1.30%
County Clerk/Recorder	155	4,715	780	5,495	3.55%	9.51%
Courts	374	13,034	7,514	20,548	3.93%	3.74%
Department of Social Services	1,429	46,158	277,891	324,049	-0.50% ^(b)	5.00% ^(d)
District Attorney	397	17,857	3,159	21,016	2.25%	4.96%
Health Department	684	23,069	30,353	53,422	1.48%	5.00% ^(d)
Office of Revenue Reimbursements	69	2,073	400	2,473	6.71%	6.09%
Probation	424	16,801	3,657	20,458	-1.19% ^(b)	4.03%
Public Defender	97	5,799	988	6,787	1.67%	5.07%
Sheriff - Countywide	536	26,629	9,956	36,585	1.67%	4.55%
Voter Registration and Elections	29	1,500	1,534	3,034	1.07%	-1.96% ^(b)
Other Countywide	143	1,831	52,706	54,537	14.06% ^(c)	0.62%
Subtotal	4,744	\$174,081	\$401,045	\$575,126		
II. Debt Retirement						
Telecommunications System (1985 COP's)			\$1,346	\$1,346		
Parks Development (1973 General Obligation Bonds)			1,062	1,062		
Parking Structure (1972 Revenue Bonds)			100	100		
Subtotal			\$2,508	\$2,508		
III. Capital Outlay						
Public Works			868	868		
Airport			7,600	7,600		
General Services			3,912	3,912		
Capital Construction			2,291	2,291		
County Parks Construction			6,121	6,121		
Subtotal			\$20,792	\$20,792		3.01%
IV. Reserve Requirements						
Provisions for Reserves			6,356	6,356		
			\$6,356	\$6,356		5.28% ^(d)
TOTAL	4,744	\$174,081	\$430,701	\$604,782		

(a) FTEs per 1,000 population and expenditures per capita.

(b) Actual growth rates used were zero (i.e., no per capita growth)

(c) Actual growth rate used was .05% (see text for explanation).

(d) Growth rate based on revenue projection growth rate.

PROJECTIONS FOR NON-AFFECTED COUNTYWIDE
SERVICES AND COSTS
(000's)

Cost Category	ACTUAL		PROJECTED											
	FY 1987/88		FY 1988/89		FY 1989/90		FY 1990/91		FY 1991/92		FY 1992/93		FY 1993/94	
	FTEs	COST	FTEs	COST	FTEs	COST	FTEs	COST	FTEs	COST	FTEs	COST	FTEs	COST
I. Services														
Airport	164	\$15,844	169	\$17,571	176	\$19,741	183	\$22,164	191	\$24,907	198	\$27,961	206	\$31,376
Assessor/Assessment Appeals Board	177	7,177	178	7,530	182	8,005	185	8,500	189	9,039	193	9,599	197	10,182
Coroner	67	3,701	72	3,779	78	3,905	85	4,032	92	4,175	100	4,309	108	4,454
County Clerk/Recorder	155	5,495	162	6,060	171	6,778	180	7,567	191	8,451	201	9,434	212	10,529
Courts	374	20,548	391	21,474	415	22,731	439	24,050	466	25,454	494	26,928	523	28,470
Department of Social Services	1,429	324,049	1,440	340,251	1,469	357,264	1,498	375,127	1,528	393,884	1,559	413,578	1,588	434,257
District Attorney	397	21,016	408	22,218	426	23,792	444	25,470	464	27,278	483	29,191	504	31,229
Health Department	684	53,422	699	56,093	724	58,898	749	61,843	776	64,935	803	68,182	830	71,591
Office of Revenue Reimbursements	69	2,473	74	2,644	81	2,863	88	3,098	96	3,354	104	3,627	113	3,917
Probation	424	20,458	427	21,436	435	22,760	444	24,140	453	25,626	462	27,186	471	28,818
Public Defender	97	6,787	99	7,177	103	7,694	107	8,252	111	8,846	115	9,475	119	10,139
Sheriff - Countywide	536	36,585	549	38,539	570	41,108	590	43,831	613	46,754	635	49,846	658	53,108
Voter Registration and Elections	29	3,034	29	3,054	30	3,116	31	3,178	32	3,243	33	3,307	34	3,369
Other Countywide	143	54,537	144	55,279	147	56,759	150	58,230	153	59,785	156	61,347	159	62,890
Subtotal	4,744	\$575,126	4,841	\$603,105	5,007	\$635,414	5,173	\$669,482	5,355	\$705,731	5,536	\$743,970	5,722	\$784,329
II. Debt Retirement														
(a)														
Subtotal Debt Service		\$2,508		\$22,703		\$10,726		\$11,203		\$11,317		\$11,514		\$11,713
III. Capital Outlay														
Subtotal Capital Outlay		\$20,792		\$21,579		\$22,682		\$23,822		\$25,039		\$26,308		\$27,607
IV. Reserve Provision														
Subtotal Provision for Reserves		\$6,356		\$6,692		\$7,045		\$7,417		\$7,809		\$8,221		\$8,655
TOTAL	4,744	\$604,782	4,841	\$654,079	5,007	\$675,867	5,173	\$711,924	5,355	\$749,896	5,536	\$790,013	5,722	\$832,304

(a) Projections based on debt service schedules.

C. LEGISLATIVE

1. Description of Services

The Legislative service area incorporates the staffing and expenditures for both the city and county elected governing bodies and the direct support staff for those bodies. In the city, this includes the Mayor, City Council, and City Clerk, while in the county, it includes the Board of Supervisors and Clerk of the Board. Functions included within this service area are:

- *Establishment of general policies and ordinances*
- *Adoption of annual budgets*
- *Approval of new programs and modification of existing programs*
- *Clerical and administrative activities supporting the governing bodies.*

Current and Status Quo Services

Currently, the City Council consists of eight councilmembers and one mayor. In addition to serving on the City Council, councilmembers also serve as the Redevelopment Agency, Housing Authority, and Parking Authority. The County Board of Supervisors consists of five members who, in addition to governing the county, serve as the governing body for the Housing Authority, Air Pollution Control District, and various other districts.

The City Clerk and Clerk of the Board generally provide similar services to their respective governing bodies. One difference is that the City Clerk is responsible for administering city elections in conjunction with the county Registrar of Voters. However, the amount of time spent by the clerk on elections is minimal (approximately seven percent of total clerical time over the last five years).

Included within this service area analysis are four administrative assistant positions allocated to the City Manager's budget unit but assigned to the City Council. These four positions, along with four secretaries, represent the staff assigned directly to the eight councilmembers. Additionally, one administrative assistant and one secretary are assigned directly to the mayor's position. In the county, each supervisor is assigned one administrative assistant and one secretary. There are additional staff

within each office (i.e., receptionists, typist clerks, etc.) who support the activities of the elected officials.

Our analysis of historical city and county Legislative costs over the four years prior to FY 1987/88 resulted in the following compound average annual growth rates:

- City -- FTEs per 1,000 population: 14.20%
Expenditures per capita: 19.34%
- County -- FTEs per 1,000 population: (0.77)%
Expenditures per capita: 11.85%

The large growth rates for city FTEs per 1,000 population and expenditures per capita are partially a result of the low levels of staffing and expenditures in FY 1983/84 and the impact a small increase in actual staffing and expenditures had on the growth rate. For example, four administrative assistant positions were added in FY 1986/87 to provide assistance to the eight councilmembers. The addition of these four positions resulted in a 24 percent increase in staffing in one year.

Our projections for the next six years assumed that the growth realized in the city over the past four years would not continue at this high level, but would approximate 5 percent real growth. Thus, the actual compound rates of growth used for city status quo projections were 5 percent for FTEs per 1,000 population and 10 percent for expenditures per capita (the 5 percent difference due to projected inflation).

The relatively high expenditure per capita growth rate in the county is partially a result of inflation (approximately 5 percent of per capita growth) and the increase in reporting services and litigation expenses incurred by the county over the last four years. We anticipate that these factors will continue to influence expenditures per capita and, therefore, used the historical per capita growth rate to project county expenditures. Finally, the historical growth rate of county FTEs per 1,000 population was used to project future county FTEs.

Merged Government Services

Under the Merged Government alternative, there would be several substantive changes to the current legislative structure of the city and county.

- The Board of Supervisors, Mayor, and selected members of the City Council, would be constituted as a provisional Metropolitan Board during the implementation period of the Merged Government. After the implementation period, general elections would be held for the newly created Metropolitan Board,

and the roles of the current City Council, Mayor, and Board of Supervisors would be abolished.

- The Metropolitan Board would consist of nine full-time boardmembers who would each be paid 80 percent of the annual salary of a municipal court judge (i.e., \$59,546 in FY 1987/88 dollars). We have assumed one administrative assistant and one secretary would be assigned as support staff to each boardmember.
- One mayor would act as the head of the Merged Government and would receive a 10 percent higher salary than the boardmembers (e.g., \$65,501 annually). We have assumed one senior level staff position, two administrative assistants, and one secretary would be assigned as support staff to the mayor.
- Additional support staff assigned to the board and mayor would consist of one office manager, two typist clerks, and one receptionist.
- Additional support would be provided by a Clerk to the Board (similar to the current county Clerk to the Board).

2. Current Analysis of Alternatives in FY 1987/88 Terms

If the proposed Merged Government had been fully operational throughout FY 1987/88, our estimate of efficiency gains -- expressed as differences in costs and staffing in FY 1987/88 dollars and FTEs -- is summarized in Table 2-VI on the following page.

Table 2-VI
Legislative —
FY 1987/88 Comparison of Alternatives

	FTEs	Costs (000's)		
		Personnel	Other	Total
City - Current	25	\$ 980	\$ 391	\$1,371
County - Current	22	1,099	1,297	2,396
Status Quo	47	\$2,079	\$1,688	\$3,767
Subtotal: Merged Government	42	\$1,899	\$1,658	\$3,557
Differences Attributable to Efficiency Gains	(5)	(180)	(30)	(210)
Increase for Metro Boardmembers	N/A	224	-	224
Total: Merged Government	42	2,123	\$1,658	\$3,781
Net Differences from Status Quo	(5)	\$ 44	\$ (30)	\$ 14

These comparisons do not consider one-time implementation costs, which are discussed subsequently.

Exhibit VI-3, following this page, summarizes the staffing analysis which supports the foregoing estimates. More details on the staffing analysis are presented in Appendix B.

The key elements of the foregoing cost estimates are outlined below.

- Salary and fringe benefit cost efficiencies were estimated using an average salary and benefit package for comparable city and county personnel classifications, as described previously in subsection A. The cost of extra pay for overtime, accumulated sick leave, holidays, and vacation, and other incidentals, is estimated at five percent of total direct salaries.
- Efficiency savings in services, supplies, and other costs are estimated at \$6,000 per FTE times the number of FTEs gained. The actual calculation was $\$6,000 \times 5 = \$30,000$ in FY 1987/88 dollars.

METRO LEGISLATIVE STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TOTAL

	ELECTED OFFICIAL	DEPARTMENT DIRECTOR	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	9	1	1	1	6.75	15	24.75
COUNTY	5	1	0	1	11	9.5	22.5
STATUS QUO	14	2	1	2	17.75	24.5	47.25
MERGED GOVERNMENT	10	1	2	1	17.75	20.5	42.25
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(4)	(1)	1	(1)	0	(4)	(5)

- The increase for Metro Government boardmembers represents the estimated additional costs for salaries over current City Council, Mayor, and Board of Supervisors salaries. The actual calculation was $\$601,415 - 377,220 = \$224,195$.

3. Projected Analysis of Alternatives

Exhibit VI-4, on the following page, summarizes the six-year projections of FTEs and costs for the Status Quo and Merged Government alternatives. Explanatory comments concerning this information are provided in the following paragraphs.

Projection Methodology

The general methodology described previously in this report section was used to project FY 1987/88 data out six years. For Legislative, we used the following compounded average annual growth rates:

- Expenditures per capita -- 11.25%
- FTEs per 1,000 population -- 2.26%

Metro Board

Our estimate of the additional costs required for the Metro Board assumed that:

- The Metro Board would be seated in January 1993 and consist of 9 boardmembers and one mayor. This means that 50 percent of the additional cost for the Metro Board would be incurred in FY 1992/93 and 100 percent in FY 1993/94.
- Each Boardmember's annual compensation would be \$59,546 and the Mayor's annual compensation would be \$65,501 (in FY 1987/88 dollars).

LEGISLATIVE STAFFING AND EXPENDITURE (000's)

PROJECTIONS FOR MERGED GOVERNMENT

	Actual		Projected											
	FY 1987/88		FY 1988/89		FY 1989/90		FY 1990/91		FY 1991/92		FY 1992/93		FY 1993/94	
	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost
City	24.8	\$1,371	26.6	\$1,545	28.7	\$1,741	30.3	\$1,930	32.1	\$2,143	34.0	\$2,378	36.1	\$2,639
County	22.5	2,396	23.0	2,758	23.5	3,175	23.7	3,624	24.0	4,126	24.3	4,697	24.5	5,353
Status Quo	47.3	\$3,767	49.6	\$4,303	52.2	\$4,916	54.0	\$5,554	56.1	\$6,269	58.3	\$7,075	60.6	\$7,992
Merged Government	47.3	3,767	49.6	4,303	52.2	4,916	54.0	5,554	56.1	6,269	55.3	6,887	54.1	7,559
Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	—	—	(3.0)	(\$188)	(6.5)	(\$433)
Metro Board Costs	—	—	—	—	—	—	—	—	—	—	—	211	—	476
Net Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	—	—	—	23	—	43
One-Time Implementation Costs	—	—	—	—	—	—	—	—	—	—	—	32	—	34
Total Costs By Fiscal Year	47.3	\$3,767	49.6	\$4,303	52.2	\$4,916	54.0	\$5,554	56.1	\$6,269	55.3	\$7,130	54.1	\$8,069

Implementation Assumptions

The basic timing assumptions concerning implementation of the Merged Government alternative are as described previously in this report. Other key assumptions are outlined below.

- ***Attrition and Phase-In of Efficiency Gains***

Our estimate assumes that the efficiency gains will be phased in equally over a twelve-month period, beginning in January 1993. This means that 50 percent of total annual efficiency gains are realized in FY 1992/93, and 100 percent in FY 1993/94. All percentages are net of inflation adjustments.

- ***Implementation Costs***

Our projection assumes a one-time implementation cost (for conversion of phones, office equipment, etc.) of \$50,000 in FY 1987/88 dollars. This cost is assumed to be incurred over a twelve-month timeframe, beginning in January 1993. Therefore, 50 percent of the costs are included in FY 1992/93 and 50 percent in FY 1993/94, both net of inflation.

4. Qualitative Issues

In addition to the cost-oriented efficiencies just discussed, a consolidated governing body under the Merged Government alternative would provide more consistent and coordinated policies for the entire county.

D. ADMINISTRATION AND FINANCE**1. Description of Services**

The Administration and Finance service area includes personnel and expenditures involved with the financial, legal, and administrative activities of the city and county, including:

- *The central planning, organization, direction, and coordination of all activities*
- *Preparation of ordinances, resolutions, contracts, opinions, and other legal documents*
- *Legislative analysis*
- *Accounting and auditing functions*
- *Billing and collection, including cashiering activities*
- *Budget preparation and control*
- *Investment management.*

For Administration and Finance, our analysis of the alternative government structures included all operations of the City Manager, City Attorney, city Finance Department, City Treasurer, County Executive Officer, County Counsel, County Administration and Finance Agency, County Treasurer/Tax Collector, and County Auditor/Controller.

Current and Status Quo Services

Many of the activities performed by the departments and agencies included in this service area are similar between the city and county. For example, the City Manager functions as the administrative head of city government while the County Executive does the same for the county. The City Attorney handles all legal matters for the city while the County Counsel handles the legal affairs of the county.

In the city, the Treasurer and Finance Department provide all financially-related services, while in the county, the Administration and Finance Agency, Treasurer/Tax Collector, and Auditor/Controller provide similar services. County finance-related activities provided by departments which are not duplicated in the city (e.g., the county Assessor) were not included in this analysis.

Four administrative assistant positions allocated to the City Manager's budget were not included in this service area analysis because they support the activities of the City Council. These positions are included in the Legislative service area analysis. Additionally, the Risk Management Division of the city Finance Department is included in the Personnel Administration analysis.

We completed a review of the growth in staffing and expenditures for the past four years, for all of the city and county departments included within this service area. The compound average annual growth rates during this period were as follows:

- City -- FTEs per 1,000 population: 4.78%
Expenditures per capita: 10.89%
- County -- FTEs per 1,000 population: (0.70)%
Expenditures per capita: 3.91%

These growth rates form the basis for our projections of future costs and staffing, for both the Status Quo and Merged Government alternatives. The difference in FTE growth per 1,000 population and expenditure growth per capita for both the city and county is primarily a result of inflation over the past four years (averaging approximately 4 to 5 percent). The minimal FTE per 1,000 population decrease in the county implies that FTE growth has not quite kept up with population growth. The city FTE per 1,000 population increase can be attributed to several factors, including the increase in number of legal cases against the city, the increase in support staff for the City Manager, and the creation of the Budget Division in FY 1985/86 (prior to FY 1985/86, the Accounting Division and Administration Division performed budgeting activities).

Merged Government Services

Under the Merged Government alternative, administrative and financial activities of the city and county would be consolidated, as would the related personnel and budgets. In this service area, considerable duplication exists between the city and county, which should allow substantial efficiency gains in all areas.

2. Current Analysis of Alternatives in FY 1987/88 Terms

If the proposed Merged Government had been fully operational throughout FY 1987/88, our estimate of efficiency gains -- expressed as differences in costs and staffing in FY 1987/88 dollars and FTEs -- is summarized in the table below.

Table 3-VI
Administration and Finance --
FY 1987/88 Comparison of Alternatives

	<u>FTEs</u>	<u>Costs (000's)</u>		
		<u>Personnel</u>	<u>Other</u>	<u>Total</u>
City - Current	121.4	\$ 5,027	\$ 1,253	\$ 6,280
County - Current	221.5	8,968	2,485	11,453
Status Quo	342.9	\$13,995	\$ 3,738	\$17,733
Total: Merged Government	293.9	\$11,667	\$ 3,476	\$15,143
Differences Attributable to Efficiency Gains	(49)	\$(2,328)	\$ (262)	\$(2,590)

These comparisons do not consider one-time implementation costs which are discussed later.

Exhibit VI-5, following this page, summarizes the staffing analysis which supports the foregoing estimates. More details on the staffing analysis are presented in Appendix B.

The key elements of the foregoing cost estimates are outlined below.

- Salary and fringe benefit cost efficiencies were estimated using an average salary and benefit package for comparable city and county personnel classifications, as described previously in subsection A. The cost of extra pay for overtime, accumulated sick leave, holidays, vacation, and other incidentals, is estimated at five percent of total direct salaries.

ADMINISTRATION AND FINANCE STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TOTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	5	7	3	6	70.9	29.5	121.4
COUNTY	5	10	8	20	91	87.5	221.5
STATUS QUO	10	17	11	26	161.9	117	342.9
MERGED GOVERNMENT	5	14	9	23	138.9	104	293.9
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(5)	(3)	(2)	(3)	(23)	(13)	(49)

- Efficiency savings in services, supplies, and other costs are estimated at one-half the percentage of FTEs gained times the total FY 1987/88 budget for these costs. The actual calculation was $\$1,869,396 \times .14 = \$261,715$ in FY 1987/88 dollars.

3. Projected Analysis of Alternatives

Exhibit VI-6, on the following page, summarizes the six-year projections of FTEs and costs for the Status Quo and Merged Government alternatives. Explanatory comments concerning this information are provided in the following paragraphs.

Projection Methodology

The general methodology described previously in this report section was used to project FY 1987/88 data out six years. For Administration and Finance, we used the following compounded average annual growth rates:

- Expenditures per capita -- 6.59%.
- FTEs per 1,000 population -- 1.36%

Implementation Assumptions

The basic timing assumptions concerning implementation of the Merged Government alternative are as described previously in this report. Other key assumptions are outlined below.

- *Attrition and Phase-In of Efficiency Gains*

Our estimate assumes that the efficiency gains will be phased in equally over an 18-month period, beginning in July 1991. This means that 67 percent of total annual efficiency gains are realized in FY 1991/92 and 100 percent in FY 1992/93.

ADMINISTRATION AND FINANCING STAFFING AND EXPENDITURE (000's)
PROJECTIONS FOR MERGED GOVERNMENT

	Actual		Projected											
	FY 1987/88		FY 1988/89		FY 1989/90		FY 1990/91		FY 1991/92		FY 1992/93		FY 1993/94	
	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost
City	121.4	\$6,280	130.2	\$7,131	139.7	\$8,089	147.6	\$9,050	156.1	\$10,126	164.9	\$11,329	174.4	\$12,673
County	221.5	11,453	226.5	12,258	231.5	13,106	234.3	13,878	237.0	14,696	239.7	15,548	242.3	16,454
Status Quo	342.9	\$17,733	356.7	\$19,389	371.2	\$21,195	381.9	\$22,928	393.1	\$24,822	404.6	\$26,877	416.7	\$29,127
Merged Government	342.9	17,733	356.7	19,389	371.2	21,195	381.9	22,928	355.8	22,442	347.2	23,014	357.1	24,884
Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	(37.3)	(\$2,380)	(57.4)	(\$3,863)	(59.6)	(\$4,243)
<hr/>														
One-Time Implementation Costs	—	—	—	—	—	—	—	57	—	122	—	0	—	0
Total Costs By Fiscal Year	342.9	\$17,733	356.7	\$19,389	371.2	\$21,195	381.9	\$22,985	355.8	\$22,564	347.2	\$23,014	357.1	\$24,884

- *Implementation Costs*

Our projection assumes a one-time implementation cost (for conversion of phones, forms, equipment, etc.) of \$150,000 in FY 1987/88 dollars. This cost is assumed to be incurred over an 18-month timeframe, beginning in January 1991. Therefore, 33 percent of the costs are included in FY 1990/91, and 67 percent in 1991/92, net of inflation.

4. Qualitative Issues

In addition to the cost-oriented efficiencies just discussed, the Merged Government structure for Administration and Finance would provide better coordination for all legal, financial, and administrative matters. There also would be less money spent on central government administration as a percent of all service expenditures.

E. INFORMATION SYSTEMS AND DATA MANAGEMENT

1. Description of Service Area

The Information Systems and Data Management service area includes personnel, software, hardware, and procedural activities necessary to manage information as a resource. The city's Department of Data Management and the county's Systems and Data Processing Department are responsible for this function. Major components of the service area include the following:

- *Administration, including planning and control activities, logistical support, and financial and personnel support*
- *Computer Operations, including support for the existing information processing hardware systems used by the various user communities and the acquisition of additional hardware according to capacity planning requirements*
- *Information Systems Support, including support for the existing information software systems used by the various user communities*
- *Information Systems Development, including the analysis, design, specification, acquisition or development, and implementation of new software or enhancements of existing software to meet the needs of the various user communities.*

Current and Status Quo Services

The approaches the city and county use to provide these services are different, and have resulted in structural differences in plant and personnel. The city has a decentralized approach, with several satellite information systems operated by user departments. The county has a more centralized approach, with personnel, equipment and software managed by the Systems and Data Processing Department.

The staffing levels of the city and county are therefore not comparable using only the two information management departments. While the city has 34 FTEs budgeted in the Data Management Department, approximately 16 FTEs in other departments are directly related to information management functions. For example, the Police Department operates two DEC minicomputers and has 13 FTEs assigned to its systems.

The county has 153 FTEs assigned to the Systems and Data Processing Department. These FTEs are responsible for all the systems currently operated by the county. There are 15 distributed computer processors in the county, and personnel assigned to other departments have control responsibilities for these machines. These responsibilities typically require 5 percent of an FTE in each department. In addition, the Health Department has 3 FTEs assigned to information management tasks associated with their local machines, and the Department of Public Works has 5 FTEs.

Excluding the personnel distributed to the various user departments, the average four-year compounded annual growth rates are as follows:

- City -- FTEs per 1,000 population: 1.13%
Expenditures per capita: 11.49%
- County -- FTEs per 1,000 population: 2.43%
Expenditures per capita: 9.86%

Information Systems

Automated information management services are provided by the city and the county in several functional areas. The most important of these functional areas are as follows:

- Financial Systems
- Criminal Justice Systems
- Communications Systems
- Microcomputer Systems
- Utility Billing Systems
- Property Tax and Planning Department Systems
- Public Works Systems
- Welfare Systems.

Financial Systems have historically been among the first to be automated and are usually among the most automated. This is true for the city and the county. There are many applications in this functional area, including General Ledger, Payroll, Personnel, Asset Management, Pension Plan, and others. Both the city and the county have recently invested heavily in new financial systems, and have significant plans for additional upgrades to their systems.

Criminal Justice Systems have been automated more recently, as the industry has made advances in hardware and software capabilities. The city has limited needs in this area, except for police and fire dispatch control, and some investigation needs. The city has decentralized its criminal justice support system, and the police maintain their own minicomputer. The county has much greater needs for automated support in this

area and has made a significant investment in its centralized system for the police, jail, courts, district attorney, and investigation functions.

Communications Systems represent significant investments for both the city and the county. The city has three local area networks (LANs) coordinated by the Data Management Department. The county has made a major investment in communications equipment and software, and currently operates its own telecommunications network. This network includes both voice and data communications, including the county's own telephone switching system.

Microcomputer Systems are used extensively in both the city and the county. The city provides a centralized training and consulting service for user departments that helps solve implementation problems and holds regular training classes for major software application products. The county has also begun a centralized service of this kind.

Utility Billing Systems are important investments for both the city and the county. The city recently implemented a new system to bill for utilities. This system controls a major revenue source for the city and is complex partly because of related city ordinances. The county's utility billing requirements do not appear to be as complex as the city's.

Property Tax and Planning Department Systems represent areas of future investment for both the city and the county. In particular, geographical information systems (GIS) appear to be of great interest to both governments. The recent advances in GIS capabilities and the reduction of the investment required to acquire them are driving this interest. In addition, direction from city and county administration has mandated such investment.

Public Works Systems such as fleet management systems are maintained by both the city and the county. The city has a decentralized fleet management system located in the Department of General Services.

Welfare Systems are supported extensively by the county, but are not required by the city.

Hardware and Software Investments

Both the city and the county are currently using mainframe IBM machines and IBM system utilities to provide the bulk of computing power to the user communities. The city also has significant investments in Digital Equipment Corporation (DEC) and IBM minicomputers.

Direct access storage devices (DASDs), printers, terminals, tape equipment, communication equipment, and other peripherals are generally compatible, or can be made compatible.

Software used by the city and county can be divided into two major classifications: proprietary software (commercial packages) and custom-developed software. There is a substantial overlap of proprietary software in the city and county, especially utility packages. Custom software is generally specific to individual business situations, and represents non-recoverable assets if the underlying business procedures are changed radically.

Both the city and the county have significant investments in proprietary software. This software can be divided into two major categories: utility software and application software. Utility software includes database management system software such as Adabas, and language compilers such as COBOL. There is a significant overlap of utility software between the city and county.

Application software includes software packages designed to accomplish specific business functions. For example, the city owns a proprietary software package which is used to control its financial accounting. There may be some overlap between the city and county in this area, but it will require additional investigation to determine specific cases.

Merged Government Service

In general, where there is overlap in business function, there is significant opportunity to save costs by using one application software system instead of two. For example, in the financial systems area, the city has approximately 8 FTEs assigned to maintain its financial and billing systems. The county has 17 FTEs assigned to these systems.

A unified approach to financial procedures would require one application system. Within reasonable limits, the number of transactions flowing through these systems will not affect the number of maintenance programmers required by the software. The potential increases in transaction volume and number of users are not so great as to prevent substantial reduction in the number of technical personnel required to maintain the application system.

Due to the different structure of the city and county (decentralized versus centralized), the opportunities for cost savings are difficult to define. The centralized approach usually makes it easier to identify the specific costs of providing a given level of service, while a decentralized approach generally places more control in the hands of the user community.

Our approach matched the organizational units in the city and county which are providing equivalent services, without regard for intangibles such as level of user control. Where an application such as the financial accounting system is maintained in both entities, we have estimated the potential efficiency gains of FTEs if only one unified system was required.

2. Current Analysis of Alternatives in FY 1987/88 Terms

If the proposed Merged Government had been fully operational throughout FY 1987/88, our estimate of efficiency gains is summarized in Table 4-VI, below.

Table 4-VI
Information Systems and Data Management —
FY 1987/88 Comparison of Alternatives

	FTEs	Costs (000's)		
		Personnel	Other	Total
City - Current	34	\$ 1,380	\$ 1,188	\$ 2,568
County - Current	153	6,232	11,493	17,725
Status Quo	187	\$ 7,612	\$12,681	\$20,293
Total: Merged Government	164	\$ 6,556	\$12,458	\$19,014
Differences Attributable to Efficiency Gains	(23)	\$(1,056)	\$ (223)	\$(1,279)

These comparisons do not consider one-time implementation costs, which are discussed later.

Exhibit VI-7, following this page, summarizes the staffing analysis which supports the foregoing estimates. More details on the staffing analysis are presented in Appendix B.

The key elements of the foregoing cost estimates are outlined below.

- Salary and fringe benefit cost efficiencies were estimated using an average salary and benefit package for comparable city and county personnel classifications, as described previously in subsection A.
- The costs of utility software represent an opportunity for savings where the city and county are using the same software products. For example, the Adabas management software requires a site license fee from both the city and county. Our estimate of the cost savings from common utility programs is shown in Table 5-VI, below. This table shows the types of programs which could be reduced, but it should not be considered a final, definitive list.

Table 5-VI
Estimated Cost Savings on Proprietary
Utility Software Products

Software Product	Annual Costs
Adabas	\$16,700
Natural	8,600
Natural Com	3,000
CA Products	27,000
Cobol XE	3,750
E-mail	6,000
Omegamon	10,000
SAS	10,000
ESTIMATED ANNUAL SAVINGS	<u>\$85,050</u>

INFORMATION SYSTEMS AND
DATA MANAGEMENT STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

TOTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	0	3	5	39	2	50
COUNTY	1	2	9	23	120	6	161
STATUS QUO	2	2	12	28	159	8	211
MERGED GOVERNMENT	1	2	9	23	146	7	188
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	0	(3)	(5)	(13)	(1)	(23)

- Efficiency savings in other services and supplies were estimated at \$6,000 per FTE gained, or $23 \times \$6,000 = \$138,000$.

The costs of the hardware used by the city and the county represent a source of additional potential savings. Incremental capacity increases in the two separate machines required to meet the growing needs of the city and the county might be met by upgrading a single machine. If a single machine can satisfy the needs of the merged entity, the maintenance costs of one machine would be avoided on a continuing basis. In the short-term, this annual savings would be offset by the one-time cost to upgrade the remaining single machine to provide adequate capacity. Also, the substantial requirements of the merger effort may require continued use of two machines for an extended period, i.e., one for production systems and the other for development and testing.

Application software also may represent an opportunity to save costs if the city and the county are using the same or similar software products and business procedures. Careful analysis will be needed to determine the feasibility of retaining each software application package and its associated business procedure. This report does not include any examples of savings in this area.

Finally, both the city and the county have significant investments in custom software. Detailed analysis will be needed to determine the feasibility of retaining each custom software application and its associated business procedure. This report does not include an assessment of any savings or costs related to custom software.

3. Projected Analysis of Alternatives

Exhibit VI-8, on the following page, summarizes the six-year projections of FTEs and costs for the Status Quo and Merged Government alternatives. Explanatory comments concerning this information are provided in the following paragraphs.

INFORMATION SYSTEMS AND DATA MANAGEMENT

STAFFING AND EXPENDITURE (000's)

PROJECTIONS FOR MERGED GOVERNMENT

	Actual		Projected											
	FY 1987/88		FY 1988/89		FY 1989/90		FY 1990/91		FY 1991/92		FY 1992/93		FY 1993/94	
	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost
City	34	\$2,568	35	\$2,932	36	\$3,343	37	\$3,762	38	\$4,231	39	\$4,759	39	\$5,351
County	153	17,725	161	20,054	170	22,669	178	25,379	185	28,408	193	31,782	202	35,554
Status Quo	187	\$20,293	196	\$22,986	206	\$26,012	215	\$29,141	223	\$32,639	232	\$36,541	241	\$40,905
Merged Government	187	20,293	196	22,986	206	26,012	215	29,141	214	31,963	213	34,998	211	38,315
Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	(9)	(\$676)	(19)	(\$1,543)	(30)	(\$2,590)

One-Time Implementation Costs	—	—	—	—	—	—	—	—	—	2,407	—	2,527	—	2,653
Total Costs By Fiscal Year	187	\$20,293	196	\$22,986	206	\$26,012	215	\$29,141	214	\$34,370	213	\$37,525	211	\$40,968

Projection Methodology

The general methodology described previously in this report section was used to project FY 1987/88 data out six years. For Information Systems and Data Management, we used the following compounded average annual growth rates:

- Expenditures per capita -- 10.28%
- FTEs per 1,000 population -- 2.36%

Implementation Assumptions

The basic timing assumptions concerning implementation of the Merged Government alternative are as described previously in this report. Other key assumptions are outlined below.

- *Attrition and Phase-In of Efficiency Gains*

The efficiency gains were assumed to be phased-in over a three-year time period beginning July 1991. This lengthier period was selected because of the substantial number of systems and alternatives to be studied, evaluated, and implemented.

- *Implementation Costs*

Our projection assumes a one-time implementation cost of about \$6 million to:

- Conduct a detailed study of all systems, software, and hardware alternatives arising out of the merger
- Implement the results of the study by upgrading hardware, modifying or acquiring software, converting data files, etc.

This major cost is at the low end of an estimated range of \$6 to \$10 million. It is assumed to be spread evenly over three years, starting in July 1991.

4. Qualitative Issues

The merged Information Systems and Data Management group will have proportionately more technological resources, which should lead to greater sophistication and capability in the use of automation.

F. PERSONNEL ADMINISTRATION

1. Description of Service Area

The Personnel Administration service area includes all the personnel, programs, and activities of the city's Personnel Department and the county's Department of Personnel Management. Major functional categories included within this service area are:

- *Recruitment, examination, and selection of applicants for employment*
- *Administration of classification and pay plans, as well as personnel and payroll processing*
- *Administration of a risk management program, which includes property, liability, workers' compensation, employee group benefits, and unemployment insurance programs*
- *Negotiation and implementation of labor agreements with recognized employee organizations; advising on and hearing of issues on employee discipline and grievances*
- *Management and coordination of education, training, and employment development programs*
- *Monitoring and guiding the implementation of the Affirmative Action Plan*
- *Management of employee retirement and civil service systems in conjunction with policy-making boards/commissions.*

To provide better comparability among service area categories, the city's Risk Management Administration Division of the Department of Finance and its Employee Relations Department have been included in our staffing and cost analyses. These same functions are provided within the county's Personnel Management Department.

Current and Status Quo Services

In comparing service levels provided by the city and county, we have used a different measure from that which is used in other service area analyses. Levels of service are measured in terms of staffing and expenditures **per capita** for most other services, and the results are general indications of the amount of services provided by the city and county to their respective communities. In contrast, it is the function of both the city and county personnel departments to provide services to all other public employees. Therefore, in the Personnel Administration service area levels of service are more accurately reflected in terms of FTEs and expenditures **per employee**.

In FY 1987/88, the city spent \$817 per city employee compared to the county's expenditure of \$698 per county employee. FTE staffing per employee in the city and county was .013 and .014, respectively. The city Personnel Department's Temporary Clerical Pool Division staff was excluded from this service level measure, as its function is not related to providing employee services.

We completed a review of the growth in staffing and expenditures for the past four years, for both the city and county departments. The compounded average annual growth rates during this period were as follows:

- City -- Personnel FTEs per employee: 2.47%
Expenditures per employee: 4.81%
- County -- Personnel FTEs per employee: 2.78%
Expenditures per employee: 4.90%

In calculating these historical growth rates, staff from the city Personnel Department's Temporary Clerical Pool Division as well as the staff and expenditures from the county's Board of Retirement were excluded. These exclusions were made so as to provide a more accurate picture of growth trends of those personnel programs which have been in place throughout the past five years. The Temporary Clerical Pool Division was not established until FY 1986/87, and the budget for this division is provided by those city departments that actually use the division's clerical staff. Consequently, no expenditure figures were included here for this division. It also was not until FY 1986/87 that the County's Board of Retirement took over responsibility from the Treasurer-Tax collector for the administration of the Sacramento County Employee's Retirement System.

Merged Government Service

Given the fact that city and county personnel departments provide very similar services, considerable efficiency gains should be realized through consolidation. Duplication of functions -- such as the development of civil service regulations, examinations, classification and pay plans,

administering insurance programs, and conducting labor negotiations -- would be eliminated.

2. Current Analysis of Alternatives in FY 1987/88 Terms

If the proposed Merged Government had been fully operational throughout FY 1987/88, our estimate of efficiency gains -- expressed as differences in costs and staffing in FY 1987/88 dollars and FTEs -- is summarized in Table 6-VI below.

Additionally, the city and county internal service funds (ISF), which fund the insurance and employee benefit programs, have been excluded from our cost analysis. FY 1987/88 expenditures within the city and county ISFs were \$19.8 and \$22.4 million, respectively. These costs are allocated back to city and county departments. The county's total does not include medical and life insurance programs which are budgeted only within each department. The cost of these programs in FY 87/88 was approximately \$11.2 million.

Table 6-VI
Personnel Administration —
FY 1987/88 Comparison of Alternatives

	<u>FTEs</u>	<u>Costs (000's)</u>		
		<u>Personnel</u>	<u>Other</u>	<u>Total</u>
City - Current	68.0	\$ 1,907	\$1,126	\$ 3,033
County - Current	<u>107.5</u>	<u>3,908</u>	<u>1,600</u>	<u>5,508</u>
Status Quo	175.5	\$ 5,815	\$2,726	\$ 8,541
Total: Merged Government	<u>151.5</u>	<u>\$ 4,710</u>	<u>\$2,539</u>	<u>\$ 7,249</u>
Differences Attributable to Efficiency Gains	(24.0)	\$(1,105)	\$ (187)	\$(1,292)

These comparisons do not consider one-time implementation costs which are discussed later.

Exhibit VI-9, following this page, summarizes the staffing analysis which supports the foregoing estimates. More details on the staffing analysis are presented in Appendix B.

The key elements of the foregoing cost estimates are outlined below.

- Salary and fringe benefit cost efficiencies were estimated using an average salary and benefit package for comparable city and county personnel classifications, as described previously in subsection A.
- Efficiency savings in services, supplies, and other costs are estimated at one-half the percentage of FTEs gained times the total FY 1987/88 budget for these costs. The actual calculation was $\$1,362,803 \times .137 = \$186,704$.

3. Projected Analysis of Alternatives

Exhibit VI-10, following Exhibit VI-9, summarizes the six-year projections of FTEs and costs for the Status Quo and Merged Government alternatives. Explanatory comments concerning this information are provided in the following paragraphs.

Projection Methodology

The general methodology described previously in this report section was used to project FY 1987/88 data out six years. For Personnel Administration, we used the following compounded average annual growth rates:

- Expenditures per employee -- 4.93%.
- Personnel FTEs per employee -- 2.78%

The staffing and costs associated with the city's Temporary Clerical Pool Division and the county's Board of Retirement, excluded from the historical growth rate calculations, were included in calculating these future growth rates.

PERSONNEL ADMINISTRATION STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TOTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	4	1	5	22	35	68
COUNTY	1	4	6	12	42.5	42	107.5
STATUS QUO	2	8	7	17	64.5	77	175.5
MERGED GOVERNMENT	1	5	6	13	54.5	72	151.5
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(3)	(1)	(4)	(10)	(5)	(24)

PERSONNEL SERVICES STAFFING AND EXPENDITURE (000's)

PROJECTIONS FOR MERGED GOVERNMENT

	Actual		Projected											
	FY 1987/88		FY 1988/89		FY 1989/90		FY 1990/91		FY 1991/92		FY 1992/93		FY 1993/94	
	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost
City	68.0	\$3,033	73.0	\$3,344	79.0	\$3,686	85.0	\$4,064	92.0	\$4,481	99.0	\$4,940	107.0	\$5,446
County	108.0	5,508	114.0	5,981	122.0	6,496	130.0	7,055	138.0	7,662	146.0	8,321	155.0	9,037
Status Quo	176.0	\$8,541	187.0	\$9,325	201.0	\$10,182	215.0	\$11,119	230.0	\$12,143	245.0	\$13,261	262.0	\$14,483
Merged Government	176.0	8,541	187.0	9,325	201.0	10,182	215.0	11,119	214.0	11,225	212.0	11,257	227.0	12,295
Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	(16.0)	(\$918)	(33.0)	(\$2,004)	(35.0)	(\$2,188)
<hr/>														
One-Time Implementation Costs	—	—	—	—	—	—	—	115	—	244	—	0	—	0
Total Costs By Fiscal Year	176.0	\$8,541	187.0	\$9,325	201.0	\$10,182	215.0	\$11,234	214.0	\$11,469	212.0	\$11,257	227.0	\$12,295

Implementation Assumptions

The basic timing assumptions concerning implementation of the Merged Government alternative are as described previously in this report. Other key assumptions are outlined below.

- *Attrition and Phase-In of Efficiency Gains*

Our estimate assumes that the efficiency gains will be phased in equally over a twelve-month period, beginning in July 1991. This means that 50 percent of total annual efficiency gains are realized in FY 1991/92 and 100 percent in FY 1992/93.

- *Implementation Costs*

Our projection assumes a one-time implementation cost (for conversion of phones, forms, equipment, etc.) of \$300,000 in FY 1987/88 dollars. This cost is assumed to be incurred over an 18-month timeframe, beginning in January 1991. Therefore, 33 percent of the costs are included in FY 1990/91, and 67 percent in 1991/92.

In addition to the above costs related to personnel issues, subsections VI.S and VI.T have implementation cost estimates related to retirement plans and salaries and benefits.

4. Qualitative Issues

Administrative FTEs as a percent of all Personnel Administration FTEs (excluding the Temporary Clerical Pool) should decrease from 12.5 percent to about 11.0 percent under a Merged Government. The ratio of administrative FTEs to all other FTEs in Personnel Administration would increase similarly from 1:8.0 to 1:9.1.

G. LCC OPERATIONS

The proposed Merged Government will have two tiers of elected representation and government service. The countywide tier is covered in subsections VI.C. and VI.D. Here we estimate the costs of the second tier involving the local community councils. The LCCs do not exist now so all costs associated with their operation will be new costs. The most comparable entities in existence now would be the planning advisory councils in the unincorporated area of the county. However, these council members are appointed, are not paid, and have no staff. Except for some agenda clerical support and postage, they are basically cost free to the county.

There are three primary areas of LCC costs: (1) ongoing operations, (2) elections, and (3) implementation. Each is discussed in the remainder of this subsection.

1. Ongoing Operations

Additional costs will be associated with the ongoing administration and operation of the LCCs. Our assumptions regarding these annual costs -- which will be paid by the Metro Government -- are summarized below.

Number and Mix of LCCs

We assumed that 20 LCCs would be constituted, as drawn on the latest (April 15, 1989) "subjective analysis" boundary map. The population distribution of these 20 LCCs, using 1990 census estimates provided by SACOG, are outlined below:

•	More than 75,000	4
•	50,000 - 74,999	5
•	25,000 - 49,999	8
•	Less than 25,000	3
•	Total LCCs	<u>20</u>

Council Members' Compensation

We assumed there will be five elected officials per LCC, and that each would be paid \$100/month. This results in an annual cost of \$120,000.

Staff Support

It is difficult to estimate the staff support that will be needed by each LCC as requirements will undoubtedly vary depending upon levels of community involvement, office location, population, etc. The assumptions used here are as follows:

- Each LCC, regardless of size, will need baseline staff support equivalent to one-quarter FTE
- In addition to the baseline support, one-quarter FTE may be required for every 25,000 population or increment thereof. This means that an LCC with less than 25,000 population would have one-half FTE staff support, and an LCC of 60,000 people would have a full-time position.

Using the above allocations, a total of 17.5 FTEs would be required. At a FY 1987/88 salary and benefit cost of \$31,200, this equates to an annual staff support cost of **\$546,000**. This cost assumes a relatively senior level secretary classification for the support position.

Office Space

The LCCs will need at least a modest amount of space for staff support, public reception, etc. We assumed this space would be leased at \$21/year per square foot. We also assumed that half of the LCCs would need about 600 square feet and the other half about 400 square feet. The total annual cost, therefore, would be about \$210,000.

Other Supplies and Services

In addition to office space, LCCs will need funds for office supplies, copying, postage, phones, office utilities, council member mileage/travel reimbursement, and other miscellaneous expenditures. This list assumes that public facilities will be available for their official public meetings at little or no cost. If not, the Metro Board will have to supplement LCC budgets for this purpose.

In estimating supplies and services costs, we again set a baseline amount of \$1,500/month for each LCC, regardless of population. Then, we assumed that population would affect these costs and allowed for \$0.25 per capita to be added to each LCC's baseline amount. The resulting annual totals, in FY 1987/88 dollars, are shown below:

•	Baseline Supplies and Services	\$360,000
•	\$0.25 Per Capita Supplement	<u>242,000</u>
•	Total LCC Supplies and Services	<u>\$602,000</u>

The above costs also assume that the Metro Planning Department will do all of the mailings required for hearings on land use issues.

Based upon the assumptions we used, the total annual LCC operating costs would be in the range of \$1,478,000 in FY 1987/88 dollars.

2. LCC Elections

The election of about 50 LCC officials every two years for four-year terms represents a completely new set of costs for the Merged Government. Based upon figures provided by a representative of the Registrar of Voters, and using certain assumptions about voter registration levels and the number of runoff elections, we estimate the additional two-year cost of these elections at \$143,586 in FY 1987/88 dollars. That is, the total cost every two years would be about \$143,586. This amount then would equate to about \$71,793 per year in FY 1987/88 dollars, assuming the effects of inflation and discount rates offset one another. Details supporting this total estimate are provided below.

- We assumed 50 positions elected every two years for four-year terms.
- We assumed about 70 percent of the estimated 1990 population of 968,048 would be eligible to vote (i.e., 18 years of age or older). We also assumed that 80 percent of those eligible will register to vote, or 542,107. Both assumptions are based upon the experience of the Registrar of Voters. The population data excludes Folsom, Isleton, and Galt.

- The set-up cost per district election is currently \$500, or 50 times \$500 equals \$25,000 every two years.
- The cost per registered voter is, in FY 1987/88 dollars, \$0.35 for normal election year services. Countywide, this would result in the following calculations of costs every two years:
 - 542,107 total registered voters ÷ 2 = 271,054
 - 271,054 x \$0.35 = \$94,869.
- We assumed that about 25 percent of the districts will require a runoff (second) election because no candidate receives a majority vote. The cost of this election every two years is calculated at 271,054 registered voters x .25 x \$0.35 = \$23,717. There is no "set-up" charge for runoff elections.

3. One-Time Implementation Costs

In order to implement the LCC concept, each LCC will need to acquire basic office equipment and supplies (e.g., desks, chairs, word processor, small copier, phones, cabinets, etc.). Some of these supplies may come from surplus equipment of the Merged Government. There also will be a need for some basic leasehold-type improvements to the office space that is acquired. However, this work might be done in part by public works and/or general services employees of the Merged Government.

Given the above uncertainties regarding how much equipment or work will have to be purchased outside the government structure, we believe an estimated average implementation cost of \$15,000 per LCC is reasonable. According to the Registrar of Voters, an additional \$10,000 will be required to incorporate the 100 LCC districts into the Registrar's existing voter maps. These costs total \$310,000, all of which is assumed to be spent in the later half of FY 1992/93.

4. Summary

Exhibit VI-11, following this page, is a six-year projection of the LCC costs in terms of inflated FY 1987/88 dollars. The 1987/88 costs used as the basis for this projection are:

LCC OPERATIONS STAFFING AND EXPENDITURE (000's)

PROJECTIONS FOR MERGED GOVERNMENT

	Actual		Projected											
	FY 1987/88		FY 1988/89		FY 1989/90		FY 1990/91		FY 1991/92		FY 1992/93		FY 1993/94	
	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost
City	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
County	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Status Quo	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
Merged Government	0	0	0	0	0	0	0	0	0	291	17.5	1,096	17.7	2,077
Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	—	—	—	—	—	—
One-Time Implementation Costs	—	—	—	—	—	—	—	—	—	—	—	396	—	0
Total Costs By Fiscal Year	0	\$0	0	\$0	0	\$0	0	\$0	0	\$291	17.5	\$1,492	17.7	\$2,077

•	LCC Operations	\$1,478,000
•	LCC Elections (Annualized)	72,000
•	One-Time Implementation Costs	310,000

H. LAW ENFORCEMENT

1. Description of Service Area

The Law Enforcement area includes all of the traditional services of a municipal police department, including:

- *Uniformed patrol and response to calls for service*
- *Traffic enforcement and accident investigation*
- *Investigation of crimes*
- *Apprehension of criminal suspects*
- *Crime prevention programs.*

For Law Enforcement, our analysis of the alternative government structures included all operations of the Sacramento Police Department and all but the following units of the Sacramento County Sheriff's Department: corrections, court security, civil and prisoner transportation. These latter four service categories are currently countywide in responsibility and would not be affected measurably by a city-county merger. In FY 1987/88, these countywide services accounted for about 535 (42.9 percent) of the 1,246 total FTEs authorized for the Sheriff's Department, and about \$33.5 million (44.4 percent) of the Department's total operating expenditures.

Current and Status Quo Services

Currently, the staffing levels in the Sacramento Police Department are proportionately greater than those in the Sheriff's Department. This difference equates to similar differences in service level capabilities, as shown in Table 7-VI on the next page.

Table 7-VI
Comparison of Selected Ratios -
Sacramento Police and Sheriff's Departments ^(a)

	<u>Police</u>	<u>Sheriff</u>
Sworn Personnel Per 1,000 Population	1.68	.85
Total Personnel Per 1,000 Population	2.66	1.21
Major Crimes Per Sworn Employee ^(b)	61.8	75.0
Major Crimes Per Employee	38.9	52.9
Major Crimes Per 1,000 Population	103.9	63.9
Calls for Service Per Employee ^(c)	206.4	194.6
Calls for Service Per Field Operations Employee	399.1	393.0
Calls for Service Per 1,000 Population	550.9	235.0

(a) Excludes Sheriff's Department staffing assigned to existing countywide functions. Staffing data is based upon FY 1987/88 organization charts; population is derived from a CY 1988 estimate; and workload data is based upon CY 1988 actuals.

(b) Major crimes refers to the Part I crimes reported to the FBI by each law enforcement agency.

(c) Calls for service exclude officer-initiated calls and, for the Sheriff, traffic-related calls.

The per capita staffing of the city Police Department is about twice that of the Sheriff's Department unincorporated area staffing. The disparity in selected workload statistics is not as great, nor is it consistent. For example, the calls for service (CFS) ratios per employee are similar between the two jurisdictions, although the per capita difference is substantial (as is the per capita difference in major crime). We cannot explain these major differences, although dissimilar reporting policies and public expectations may cause some of the variation.

A complicating issue in any comparison of city-unincorporated area service levels is the estimated effect of CHP presence on unincorporated area crime rates and CFS. The CHP has 141 uniformed officers and sergeants assigned to the county's unincorporated area surface streets. These personnel are not

available to the Sheriff's Department for assignment to general crime calls, as they are provided only for accident investigation, traffic enforcement, and traffic control. The presence of CHP units certainly represents some value to unincorporated area residents in terms of crime deterrence; however, the exact value is extremely difficult to estimate in terms of equivalent full use deputy sheriffs.

In any event, the difference in current Law Enforcement service levels is apparent. Under a Merged Government structure, these fundamental differences will still exist unless and until the Metro Board takes action to increase service levels proportionately in what is now the unincorporated area.

Growth rates in staffing and expenditures were calculated for the past four years for the city and county. The resulting compounded average annual growth rates were as follows:

- City — FTEs per 1,000 population: 0.88%
Expenditures per capita: 5.69%
- County — FTEs per 1,000 population: 0.72%
Expenditures per capita: 5.72%

Merged Government Services

Under a Merged Government, as currently envisioned, there would be a single law enforcement organization operating under an elected sheriff. Field and investigative operations would be coordinated, and eventually the separate communications, records, information systems, personnel, training, and other support units would be consolidated.

If a government merger occurs, the new entity would assume responsibility for traffic-related services now provided by the CHP in unincorporated areas. This major change is discussed in the next subsection.

2. Special Considerations

Two issues arose during the Law Enforcement fiscal and service analysis which had to be evaluated apart from our general approach. These matters are explained below.

Traffic Enforcement in the Unincorporated Area

The California Highway Patrol currently provides traffic enforcement and accident investigation services on county roads in the unincorporated areas. In cities, these services are the responsibility of police departments.

Under a merged government, the new political entity would be both a city and a county. Thus, this new Sacramento government would have to assume responsibility for the traffic services provided now by the CHP. This responsibility could be fulfilled through contract with CHP or by providing the funds to the merged law enforcement agency to hire and deploy officers and supervisors in numbers comparable to the current CHP staffing (to avoid reductions in service levels). We strongly endorse the latter alternative because it would provide added flexibility for the Metro law enforcement agency to deploy and assign field personnel. The current CHP contingent is not generally available for assignment to crimes in progress, alarms, or other non-traffic calls for service. A Metro patrol officer, however, would be available for these high priority purposes when not committed to a specific accident investigation or traffic-related arrest. This is a substantial benefit associated with the Metro performance of this function.

Representatives of the CHP state that they currently have a total of 125 officers and 16 supervisors assigned to traffic services on Sacramento County roads. We estimate that middle management and clerical/ communications support equivalent to approximately 21 positions also are available. Consequently our analysis of the Merged Government alternative includes the addition of these positions and associated general support costs to the Metro law enforcement unit. Revenue to support this major addition would be derived from the increased motor vehicle in lieu taxes the new entity would receive.

The addition of 141 uniformed field personnel for unincorporated traffic enforcement has a major additional advantage. These new Metro personnel would be available for other crime calls whether they specialize in traffic matters or whether they are part of the general patrol force. This added value to the new government is difficult to gauge but we have estimated it at 10 percent of the total sworn positions involved, or 2 sergeants and 12 officers.

City Utility Tax

In November 1988, Sacramento City voters approved an advisory measure which suggested that the current utility tax be maintained at 7.5 percent for five years and not reduced by one-half of one percent annually through FY 1993/94, as was planned.

According to the measure, revenue generated from the difference between the "frozen" rate of 7.5 percent and the previously planned reduced rate of 5 percent is to be used for public safety services, including police, fire, and animal control. Uncertainties regarding the actual future availability and use of this money include the following:

- The ballot measure was advisory; the City Council is not required to comply with retention of the total tax or the use of the resulting revenue solely on public safety services. Furthermore, the status of the additional 2.5 percent of "public safety" money is uncertain after FY 1993/94. It may be retained by the elected officials -- totally or partially -- or eliminated.
- Assuming the total current utility tax is retained, there is no prescribed allocation of resulting revenues to police versus the other two services. Police services could be allocated anywhere from very little to all of the revenue produced.
- Recent shortages in the city's FY 1989/90 planned revenue point to shortfalls in the utility tax as a significant causal factor. This tax revenue has been less than expected because SMUD and PG&E rates have not been as high as expected. Thus, projecting availability of utility tax revenue to pay for more police services (or fire or animal control) is hazardous.

For purposes of our analysis of the alternative government structures, we allocated 50 percent of the City's projected public safety portion of the utility tax revenue to support 12 additional positions in Law Enforcement starting July 1, 1989. We assumed the balance of the revenue would be assigned to the City Fire Department (40 percent) and Animal Control (10 percent). Currently, however, these funds are being used to support the City's total operating budget **without** increased public safety services. Therefore, some doubt exists as to whether future public safety service enhancements will occur as we estimate. This is an area where hard political decisions will have to be made by the City Council (or the Metro Board under a Merged Government). The Council may have to reduce other services if all of the utility tax is used to increase public safety services, or other revenue may have to be raised.

3. Current Analysis of Alternatives in FY 1987/88 Terms

If the proposed Merged Government had been fully operational throughout FY 1987/88, our estimate of efficiency gains, expressed as differences in costs and staffing in FY 1987/88 dollars and FTEs -- is summarized in Table 8-VI below.

Table 8-VI
Law Enforcement --
FY 1987/88 Comparison of Alternatives

	FTEs	Costs (000's)		
		Personnel	Other	Total
City - Current	907	\$43,366	\$ 5,261	\$48,627
County - Current	711	36,242	5,645	41,887
Status Quo	1,618	\$79,608	\$10,906	\$90,514
Subtotal: Merged Government	1,497	\$73,918	\$10,041	\$83,959
*Differences Attributable to Efficiency Gains	(121) ^{a/}	\$(5,690) ^{a/}	\$ (865) ^{a/}	\$(6,555) ^{a/}
Increase for Traffic Operations in Unincorporated Area -- CHP Replacement	162	\$ 7,676	\$ 1,053	\$ 8,729
Total: Merged Government	1,659	\$81,594	\$11,094	\$92,688
Net Differences from Status Quo	41	\$ 1,986	\$ 188	\$ 2,174
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*Adjusted Differences Attributable to Efficiency Gains if Two Service Districts Operated	(61)	\$(3,176)	\$ (427)	\$ (3,603)

a/ Includes efficiency gain of 12 FTEs and related costs which are tied to replacement of CHP on a position-by-position basis.

These comparisons do not consider one-time implementation costs or the potential effects of the city's utility tax. Exhibit VI-12, following this page, summarizes the staffing analysis which supports the foregoing estimates. More details on the staffing analysis are presented in Appendix B.

The significant assumptions and issues underlying the information in Table 8-VI are described in the following paragraphs.

- Basic salaries and benefits were estimated per classification as described previously in subsection VI.A. For sworn positions, however, we calculated additional costs of educational incentives, uniform allowances, and selected other special allowances. Data on the percentage of sworn personnel who receive various incentive pay was obtained from the Police Department. The Sheriff's Department did not have this information so we applied the city's percentages to all positions under the assumption that the county's experience would be similar.
- The adjustment in efficiency gains when two service districts are operated is related primarily to patrol, traffic, investigative, and communications services. The establishment of a geographic boundary within which these services must be provided restricts the extent of improved scheduling, deployment, and coordination that is otherwise possible.
- Annual efficiency savings in miscellaneous services and supplies costs were estimated at \$6,000 per management position and \$5,000 for each other position. In addition, the costs of special vehicles were added at the following rates:
 - Staff (unmarked) cars at \$4,625/year, at the rate of one car per captain and above, one car per investigative officer, and one car per two lieutenants or two officers working in support services.
 - Patrol (marked) cars at 12,600/year, at the rate of one car per three field sergeants or officers.

Supplies and services costs also included an annual amortized allowance of \$300 per sworn position for communications equipment, and an additional \$1,600 per sworn position for liability insurance (or self insurance), training, and ammunition.

LAW ENFORCEMENT STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

TOTAL -----	CHIEF/ SHERIFF	ASST. CHIEF/ UNDERSHRF.	DEPUTY CHIEF/ CHIEF DEPUTY	POLICE COMMANDER	CAPTAIN	LIEUTENANT	SERGEANT	OFFICER/ DEPUTY	SPECIAL CIVILIAN CLASSES	CLERICAL CLASSES	OTHER CLASSES	TOTAL
CITY	1	1	3	1	7	27	67	466	176	121	37	907
COUNTY	1	1	3	0	7	33	61	395	99	111	0	711
STATUS QUO	2	2	6	1	14	60	128	861	275	232	37	1,618
MERGED GOVERNMENT	1	1	3	2	10	46	112	826	251	208	37	1,497
*FTE EFFICIENCY GAIN FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(1)	(3)	1	(4)	(14)	(16)	(35)	(24)	(24)	0	(121)
INCREASE FOR TRAFFIC OPERATIONS IN UNINCORPORATED AREA	0	0	0	0	1	3	16	125	6	8	3	162
REVISED TOTALS FOR MERGED GOVERNMENT	1	1	3	2	11	49	128	951	257	216	40	1,659
NET DIFFERENCES FROM STATUS QUO	(1)	(1)	(3)	1	(3)	(11)	0	90	(18)	(16)	3	41

*ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(1)	(3)	1	(3)	(10)	(10)	(18)	(6)	(10)	0	(61)

- The average costs we developed per position type were used both to estimate efficiency gains and to add annualized costs to replace the CHP traffic contingent.

4. Projected Analysis of Alternatives

Exhibit VI-13, on the following page, summarizes the six-year projections of FTEs and costs for the Status Quo and Merged Government alternatives. Explanatory comments concerning this information are provided in the following paragraphs.

Projection Methodology

The general methodology described previously was used to project FY 1987/88 data out six years. For Law Enforcement, we used the following compounded average annual growth rates:

- Expenditures per capita -- 5.55%
- FTEs per 1,000 population -- 0.66%.

Utility Tax Supplements

We assumed that FTE additions made feasible through the city's utility tax revenues would occur at the rate of three sworn officers to one civilian classification. Average salaries and benefits for city classifications were used to add costs under the Status Quo scenario; the average of the combined city-county classifications was used to add costs under the Merged Government alternative. Both scenarios included the same allowances for services and supplies per FTE, as described previously.

Implementation Assumptions

The basic timing assumptions concerning implementation of the Merged Government alternative are as outlined previously in this report. Other key assumptions are stated below. All cost estimates are stated in FY 1987/88 dollars.

LAW ENFORCEMENT STAFFING AND EXPENDITURE (000's)

PROJECTIONS FOR MERGED GOVERNMENT

	<u>Actual</u>		<u>Projected</u>											
	<u>FY 1987/88</u>		<u>FY 1988/89</u>		<u>FY 1989/90</u>		<u>FY 1990/91</u>		<u>FY 1991/92</u>		<u>FY 1992/93</u>		<u>FY 1993/94</u>	
	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost
City - Current	906.6	\$48,627	936.4	\$52,620	966.6	\$56,911	983.8	\$60,689	1001.3	\$64,710	1019.0	\$68,993	1036.9	\$73,552
City - Utility Tax	0.0	0	0.0	0	12.0	669	28.0	1,669	46.0	2,875	60.0	3,992	75.0	5,182
County	711.0	41,887	738.8	45,606	765.7	49,611	786.0	53,454	806.5	57,574	827.3	61,994	848.4	66,723
Status Quo (a)	1617.6	\$90,514	1675.2	\$98,226	1744.3	\$107,191	1797.8	\$115,812	1853.8	\$125,159	1906.3	\$134,979	1960.3	\$145,457
Merged Government (a)	1617.6	90,514	1675.2	98,226	1744.3	107,191	1797.8	115,812	1750.6	118,475	1767.8	125,453	1818.4	135,276
Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	(103.2)	(\$6,684)	(138.5)	(\$9,526)	(141.9)	(\$10,181)
Increase for Traffic Operations in Unincorporated Area	—	—	—	—	—	—	—	—	90.0	5,893	184.0	12,627	188.0	13,524
Net Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	(13.2)	(791)	45.5	3,101	46.1	3,343
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One-Time Implementation Costs	—	—	—	—	—	—	—	—	—	3,455	—	3,021	—	1,675
Total Costs By Fiscal Year	1617.6	\$90,514	1675.2	\$98,226	1744.3	\$107,191	1797.8	\$115,812	1840.6	\$127,823	1951.8	\$141,101	2006.4	\$150,475

(a) Includes additional FTEs and costs resulting from Utility Tax Rate Freeze revenue.

- *Need for Extensive Planning*

The size and complexity of this potential merger marks it as one of the most difficult (and cost beneficial) of all service area reorganizations. Accordingly, we believe that a substantial detailed planning effort will have to precede the periods of actual implementation and efficiency gains. Our implementation assumption, therefore, is that the January to July 1991 period would involve an intensive six-month planning effort by Law Enforcement officials. Actual merged operations would not be initiated, even on a phased basis, until about July 1, 1991.

- *Attrition and Phase-In of Efficiency Gains*

Recent attrition rates for city and county law enforcement departments have been in the range of 5 percent per year. However, this is not a constraining factor because the Merged Government would need 162 new positions to replace CHP, and would have attrition in all of the Sheriff's countywide service areas to use in reallocating many FTE efficiency gains. The only significant constraint would be in the highest sworn classifications (i.e., deputy chief and above).

Given the above conditions, we assume that 75 percent of the cost efficiency gains may be realized in the first full fiscal year (FY 1991/92), with the balance realized the following year.

- *New Ongoing Costs*

The availability of FTE efficiency gains will not be sufficient to meet the requirements of the CHP replacement and the city's utility tax supplement. Additional hirings and costs associated with these two issues were estimated to occur as follows:

- All of the annual incremental increases for the utility tax supplement are included in the years the revenues become available. This supplement comes with ample notice and involves relatively small incremental annual FTE additions, so there should be no reason that full-year use of the positions would not be feasible.

- For the CHP replacement, we assumed a two-year phase-in of staffing and costs, with 50 percent occurring in the first full fiscal year (FY 1991/92) and 50 percent the next year.

- *One-Time Implementation Costs*

There are several significant non-recurring implementation costs associated with the Merged Government alternative. These are highlighted below.

- A total of about \$1.76 million is estimated to hire, train, and equip approximately 88 new sworn officers (at \$20,000 each) as part of the 145 CHP sworn replacements. We assume the balance of 145 -- 57 sworn FTEs -- comes from the FTE efficiencies resulting from the merger. These 57 FTEs *exclude* the 12 FTEs we estimated as an increased service benefit of replacing the CHP contingent with local law enforcement officers. This one-time cost is assumed to be spread equally over FYs 1991/92 and 1992/93.
- A rough estimate of \$1.25 million per year for three years (\$3.75 million total) is included to establish a consolidated communications network, if this is deemed to be the best long-term approach. A full technical and cost/benefit study of communications alternatives is needed before a more reliable cost estimate can be developed.

The above cost estimate is viewed as a minimum necessary amount and would not be sufficient to build a new joint communications center. Such a facility might be included in planned new facilities (e.g., the new city public safety building) but, as we understand the situation, a single new facility is not essential to merged operations.

- About \$350,000 is estimated for obtaining a common handgun for nearly 600 sworn personnel. This estimate is based on the more expensive weapon currently in use (\$600) and the largest group of sworn personnel not using that weapon. The estimate is structured to be on the safe side in estimating and does not infer any decision regarding which weapon would be selected.

- About \$100,000 to re-paint and standardize marked vehicles
- A general contingency of \$500,000 to standardize records, forms, manuals, telephone numbers, and other miscellaneous items.

Seventy-five percent of the latter three cost items were assumed to occur in the first full implementation year (FY 1991/92), with the balance occurring the next year.

5. Qualitative Issues

A merged city-county Law Enforcement service would substantially enhance the coordination of investigations and proactive anti-crime programs. Conceivably, this could result in a higher percentage of crimes cleared and/or less increases in per capita crime.

Another benefit would be a reduction in administrative FTEs as a percentage of all Law Enforcement personnel, from 5.1 percent to 4.5 percent. The ratio of administrative FTEs to all other FTEs would increase from 1:18.7 to 1:21.0.

I. FIRE

1. Description of Service Area

The Fire service area includes the traditional services of a municipal fire department, including:

- *Fire prevention through building inspections, enforcement of local and state safety codes, and special inspections for state-mandated requirements of high-rise, assembly, and care facilities. The city's Fire Prevention Division also inspects underground tanks during installation and removal*
- *Fire suppression, which includes all emergency responses, investigation of fire incidents to determine origin and cause, and response to hazardous material incidents*
- *Public education in fire safety, including fire extinguisher demonstrations, high-rise evacuations, and school and home safety talks.*

Our analysis of the Fire Service area includes only the operations of the City of Sacramento Fire Department. The county has no comparable department. Instead, the same fire prevention and suppression services are provided to the unincorporated areas by special districts. We have assumed that special districts will not be affected by consolidation of city and county services. Therefore, the county's special fire districts have not been included in our analysis.

This analysis also excludes from the city's Fire Department its Emergency Planning function. It is included in the General Services section of this report.

Current and Status Quo Services

We completed a review of the growth in staffing and expenditures over the past four years of the city's Fire Department. The compound average annual growth rates during this period were as follows:

- FTEs per 1,000 population: (0.83)%
- Expenditures per capita: 4.43%

These rates were used to develop the percentage growth rates used in our projections for the next six years.

Merged Government Service

No discussion is necessary due to the lack of a comparable county fire department.

2. Special Considerations

In subsection VI.G., "Law Enforcement", we explained the potential special funding of city public safety services by allocating a portion of the utility tax over the next five years. Based upon that prior discussion, we have allocated 40 percent of the city's projected public safety portion of the utility tax revenue to support 9 additional positions in Fire starting July 1, 1989. We assumed the balance of the revenue would be assigned to the city Police Department (50 percent) and Animal Control (10 percent). Currently, however, these funds are being used to support the City's total operating budget **without** increased public safety services. Therefore, some doubt exists as to whether future public safety service enhancements will occur as we estimate.

3. Current Analysis of Alternatives in FY 1987/88 Terms

Because Fire services would not be consolidated, staffing and costs are cited only for the Status Quo alternative, as shown in Table 9-VI on the next page. No efficiency gains are realized. The staffing and cost data here does not consider the potential effects of the city's utility tax because they are not applicable to FY 1987/88.

Table 9-VI
Fire
FY 1987/88 Comparison of Alternatives

	<u>FTEs</u>	<u>Costs (000's)</u>		
		<u>Personnel</u>	<u>Other</u>	<u>Total</u>
City - Current	468.5	\$27,026	\$ 2,283	\$29,309
County - Current	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Status Quo	468.5	\$27,026	2,283	\$29,309
Total: Merged Government	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Differences Attributable to Efficiency Gains	0	0	0	0

Exhibit VI-14, following this page, summarizes the staffing analysis for the city Fire Department. More details on the staffing analysis are presented in Appendix B.

4. Projected Analysis of Alternatives

Exhibit VI-15, following Exhibit VI-14, summarizes the six-year projections of FTEs and costs for the Status Quo alternative only.

Projection Methodology

The general methodology described previously in this report section was used to project FY 1987/88 data out six years. For the Fire service area, we used the following compounded average annual growth rates:

- Expenditures per capita -- 4.43%.
- FTEs per 1,000 population -- 0%.

The actual compounded annual growth rate for FTEs per 1,000 population was a negative .83 percent. However, we adjusted this rate to zero (i.e., no per capita growth) because, in reality, FTE ratios probably will not continue to decline over the next six years, even though they may decline in a given year.

FIRE SERVICES STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TOTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	4	14	97	344	8.5	468.5
COUNTY	0	0	0	0	0	0	0
STATUS QUO	1	4	14	97	344	8.5	468.5
MERGED GOVERNMENT	1	4	14	97	344	8.5	468.5
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	0	0	0	0

FIRE SERVICES STAFFING AND EXPENDITURE (000's)

PROJECTIONS FOR MERGED GOVERNMENT

	<u>Actual</u>		<u>Projected</u>											
	<u>FY 1987/88</u>		<u>FY 1988/89</u>		<u>FY 1989/90</u>		<u>FY 1990/91</u>		<u>FY 1991/92</u>		<u>FY 1992/93</u>		<u>FY 1993/94</u>	
	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost
City - Current	469	\$29,309	476	\$31,368	483	\$33,551	483	\$35,384	483	\$37,318	483	\$39,349	484	\$41,492
City - Utility Tax	0	0	0	0	9	535	22	1,335	36	2,300	47	3,194	58	4,145
County	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Status Quo	469	\$29,309	476	\$31,368	492	\$34,086	505	\$36,719	519	\$39,618	530	\$42,543	542	\$45,637
Merged Government	469	29,309	476	31,368	492	34,086	505	36,719	519	39,618	530	42,543	542	45,637
Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<hr/>														
One-Time Implementation Costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Costs By Fiscal Year	469	\$29,309	476	\$31,368	492	\$34,086	505	\$36,719	519	\$39,618	530	\$42,543	542	\$45,637

With no consolidation taking place, no discussion of the phase-in of efficiency gains or implementation costs is necessary.

Utility Tax Supplements

We assumed that FTE additions made possible through the city's utility tax revenues would occur at the rate of 19 safety positions to one civilian position. This ratio is based on city Fire Department staffing in FY 1987/88 (i.e., 445 safety staff and 23.5 civilian staff). A weighted average of the salaries and benefits of several personnel classifications was used to add costs under the Status Quo scenario. An allowance for services and supplies of \$4,873 per FTE also was included. This figure was estimated by dividing the city Fire Department's 1987/88 services and supplies budget by the department's staffing for the same fiscal year.

5. Qualitative Issues

With no consolidation taking place, no discussion of qualitative issues is applicable.

J. ANIMAL CONTROL

1. Description of Service Area

The Animal Control service area encompasses divisions of the city's Department of Public Works and the county's Department of General Services. The functions within this service area include:

- *Operating an animal control center. The center provides for the impoundment, care, and treatment of stray domestic animals and for the redemption, sale, or destruction of the impounded strays. The county also has facilities available for the impoundment of livestock*
- *Providing 24-hour animal control field service, which includes impounding of stray animals, investigating complaints and biting incidents, responding to loose livestock calls, citing animal owners who fail to comply with local codes regulating animal ownership, inspecting kennels, and removing carcasses*
- *Organizing and conducting an annual rabies vaccination clinic*
- *Providing animal welfare education to the public.*

The county Animal Control Division also issues dog licenses. At the city, this service is provided by the Revenue Division of the Department of Finance and, therefore, is covered under the Finance service area. A Predatory Animal and Rabies Control Program is also provided by the County Agricultural Commissioner through an agreement with federal and state agencies. This service also has been excluded from the Animal Control analysis.

Current and Status Quo Services

Currently, the city's Animal Control Division is responsible for providing service within the Sacramento city limits. The county's area of responsibility is the unincorporated area as well as the cities of Folsom, Isleton, and Galt. The service levels provided by the city and county, measured in terms of expenditures and staffing per capita, are comparable. In FY 1987/88, the city spent \$2.48 per capita on animal control compared with the county's expenditure of \$3.07. Staffing per 1,000 people in the city and county was .0598 and .0663, respectively.

Growth rates in staffing and expenditures were calculated for the past four years for both the city and county animal control services. The compounded average annual growth rates during this period were as follows:

- City --FTEs per 1,000 population: 4.20%
Expenditures per capita: 7.02%
- County --FTEs per 1,000 population: (1.10)%
Expenditures per capita: 6.24%.

These rates were used to develop projected growth rates for the next six years for both the Status Quo and Merged Government alternatives.

Merged Government Service

In 1987, under the direction of both the City Council and the County Board of Supervisors, a study was undertaken to determine the potential for consolidating city and county Animal Control services. A report submitted to both the Council and Board stated that consolidation could result in efficiency gains in management and related support staff. Additionally, it was stated that field personnel could be utilized more efficiently by being allocated based on need and not on jurisdictional boundaries. The findings of our analysis are similar.

2. Special Considerations

In subsection VI.H., "Law Enforcement", we explained the potential special funding of city public safety services by allocating a portion of the utility tax over the next five years. Based upon that prior discussion, we have allocated 10 percent of the city's projected public safety portion of the utility tax revenue to support about three additional positions in Animal Control starting July 1, 1989. We assumed the balance of the revenue would be assigned to the city Police Department (50 percent) and Fire Department (40 percent). Currently, however, these funds are being used to support the city's total operating budget without increased public safety services. Therefore, some doubt exists as to whether future public safety service enhancements will occur as we estimate.

3. Current Analysis of Alternatives in FY 1987/88 Terms

If the proposed Merged Government had been fully operational throughout FY 1987/88, our estimate of efficiency gains -- expressed as differences in costs and staffing in FY 1987/88 dollars and FTEs -- is summarized in the table below.

Table 10-VI
Animal Control
FY 1987/88 Comparison of Alternatives

	FTEs	Costs (000's)		
		Personnel	Other	Total
City - Current	20	\$ 670	\$160	\$ 830
County - Current	39	1,105	701	1,806
Status Quo	59	\$1,775	\$861	\$2,636
Total: Merged Government	54	\$1,589	\$825	\$2,414
*Differences Attributable to Efficiency Gains:	(5)	\$ (186)	\$ (36)	\$ (222)
*Adjusted Differences Attributable to Efficiency Gains if Two Service Districts Operated	(3)	\$ (128)	\$ (21)	\$ (149)

These comparisons do not consider one-time implementation costs which are discussed later.

Exhibit VI-16, following this page, summarizes the staffing analysis which supports the foregoing estimates. More details on the staffing analysis are presented in Appendix B.

The key elements of the foregoing cost estimates are outlined below:

- Salary and fringe benefit cost efficiencies were estimated using an average salary and benefit package for comparable city and county personnel classifications, as described previously in subsection A. The cost of extra pay for overtime,

ANIMAL CONTROL
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

TOTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	1	0	3	14	2	20
COUNTY	0	1	0	7	22	9	39
STATUS QUO	0	2	0	10	36	11	59
MERGED GOVERNMENT	0	1	0	8	35	10	54
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	(1) ^(a)	0	(2) ^(b)	(1) ^(c)	(1) ^(d)	(5)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS OPERATED	0	(1)	0	(1)	0	(1)	(3)

accumulated sick leave, holidays, vacation, and other incidentals, is estimated at five percent of total direct salaries

- Efficiency savings in services, supplies, and other costs are estimated at one-half of the percentage of FTEs gained times the total FY 1987/88 budget for these costs. The actual calculation was $\$430,720 \times .085 = \$36,611$ in FY 1987/88 dollars.

4. Projected Analysis of Alternatives

Exhibit VI-17, on the following page, summarizes the six-year projections of FTEs and costs for the Status Quo and Merged Government alternatives. Explanatory comments concerning this information are provided in the following paragraphs.

Projection Methodology

The general methodology described previously in this report section was used to project FY 1987/88 data out six years. For Animal Control, we used the following compounded average annual growth rates:

- Expenditures per capita — 6.53%
- FTEs per 1,000 population — 0.82%.

Implementation Assumptions

The basic timing assumptions concerning implementation of the Merged Government alternative are as described previously in this report. Other key assumptions are outlined below.

- *Attrition and Phase-In of Efficiency Gains*

Our estimate assumes that the efficiency gains will be phased in equally over a twelve-month period, beginning in July 1991. This means that 50 percent of total annual efficiency gains are realized in FY 1991/92 and 100 percent in FY 1992/93. All percentages are net of inflation adjustments

ANIMAL CONTROL STAFFING AND EXPENDITURE (000's)

PROJECTIONS FOR MERGED GOVERNMENT

	Actual		Projected											
	FY 1987/88		FY 1988/89		FY 1989/90		FY 1990/91		FY 1991/92		FY 1992/93		FY 1993/94	
	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost
City	20.0	\$830	21.3	\$910	22.7	\$996	23.9	\$1,076	25.1	\$1,162	26.4	\$1,257	27.8	\$1,356
City -- Utility Tax	0.0	0	0.0	0	3.4	134	8.1	334	13.4	575	17.7	798	21.8	1,036
County	39.0	1,806	39.8	1,976	40.4	2,165	40.8	2,340	41.1	2,533	41.4	2,744	41.6	2,962
Status Quo	59.0	\$2,636	61.1	\$2,886	66.5	\$3,295	72.8	\$3,750	79.6	\$4,270	85.5	\$4,799	91.2	\$5,354
Merged Government	59.0	2,636	61.1	2,886	66.5	3,295	72.8	3,750	76.8	4,116	79.8	4,461	85.3	4,992
Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	(2.8)	(\$154)	(5.7)	(\$338)	(5.9)	(\$362)
<hr/>														
One-Time Implementation Costs	—	—	—	—	—	—	0.0	87	0.0	91	0.0	0	0.0	0
Total Costs By Fiscal Year	59.0	\$2,636	61.1	\$2,886	66.5	\$3,295	72.8	\$3,837	76.8	\$4,207	79.8	\$4,461	85.3	\$4,992

- *Implementation Costs*

Our projection assumes a one-time implementation cost (for conversion of phones, forms, equipment, uniforms, etc.) of \$150,000 in FY 1987/88 dollars. This cost is assumed to be incurred over a twelve-month timeframe, beginning in January 1991. Therefore, 50 percent of the costs are included in FY 1990/91, and 50 percent the next year.

Eventually, some facility modifications may be necessary if the Merged Government wants to operate out of a single facility. However, this change is not essential to merging the two units organizationally and operationally.

5. Qualitative Issues

Consolidation of Animal Control services should allow more efficient use of current and future facilities. This may lead to avoidance of future capital expenditures.

K. PLANNING AND DEVELOPMENT**1. Description of Service Area**

The Planning and Development service area incorporates all staffing and costs associated with land use planning, zoning, and enforcement. Specifically, the following major functions are included in this service area:

- *Preparation of the General Plan*
- *Preparation of the Community Plans*
- *Environmental impact studies*
- *Zoning*
- *Processing and disposition of various land use applications, such as subdivision and parcel maps, use permits, and variances*
- *Zoning and related enforcement, including nuisance abatement and regulation of signs*
- *Building permits, inspections, and code enforcement.*

The cost analysis of Planning and Development is one of the less complex among service areas which are duplicated between the city and county. The primary reason is that, for practical purposes, the county Planning and Community Development Department provides services only to the unincorporated area. There is an exception to this statement where work on the countywide general plan is concerned, but this is not a significant factor. The county budget assigns all costs for this department to Fund 013 (unincorporated area services), thereby obviating the need to develop countywide and unincorporated area allocations of the department's total FY 1987/88 expenditures.

Current and Status Quo Services

The city and county planning departments perform generally the same services. Significant exceptions are:

- The city Planning and Development Department includes the building inspection and code enforcement function. In the county, this function is in the Department of Public Works.
- The city department includes a Nuisance Abatement Division of 21 FTEs (i.e., complaints related to abandoned vehicles, junk, weeds, litter, signs, etc.). The county performs these activities but the functions are not as consolidated nor staffed as substantially as the city.

The city operates a single Planning Commission which hears and makes recommendations on land use and zoning issues. The county operates both a Policy Planning Commission and a Project Planning Commission, as well as community planning advisory councils (PACs), to deal with the same issues in the unincorporated area.

The staffing and costs for both the city and county planning organizations have been growing at a much higher rate than population or inflation over the past four years. We assume this growth reflects the substantial development activity that is occurring in greater Sacramento. The four-year compounded average annual growth rates were as follows:

- City — FTEs per 1,000 population: 7.36%
Expenditures per capita: 13.95%
- County — FTEs per 1,000 population: 8.32%
Expenditures per capita: 13.54%.

These growth rates form the basis for our projections of future costs and staffing, for both the Status Quo and Merged Government alternatives.

Merged Government Service

Based upon the Ad Hoc Charter Commission's current thinking, there would be several substantive changes in how Planning and Development services would be provided under a Merged Government:

- Two of the three existing planning commissions would be abolished and many of their functions would be performed by twenty local community councils. The remaining policy-oriented planning commission would operate at the Metro Government level and deal with issues such as the general plan. The LCCs would have responsibility for developing community plans and

addressing the Metro Board on general plan matters. We estimate that, on average, the LCCs would meet bi-weekly to fulfill their planning responsibilities (i.e., some less and some more often).

- The considerable increase in the number of decision-making entities and meetings will necessitate equivalent increases in staff support. We have assumed that planning staff support for the LCCs will be provided by the Metro Planning Department. One or more planners may be assigned to one or more LCCs, depending upon workload requirements, to maintain continuity of LCC service while operating under one standard set of procedures and policies.
- In general, coordination requirements, travel, and communications will increase under the proposed new system, even though the actual number of applications should not be affected by the proposal. This will necessitate proportionately higher costs than otherwise would be necessary. However, the Commission's objective is not to maximize efficiency; it is to provide a plan that substantively changes the extent of local community control over certain land use topics. In this regard, current city and county planning representatives project increased interest and demands by LCCs to update community plans, some of which are twenty years old.
- Each LCC might decide on its own whether it will receive various planning and development-related applications at the local community office, or whether they will be processed initially by a central Metro staff before referral to the LCC and its assigned planner(s). There are advantages to both approaches. For our purposes, we have assumed no significant initial analysis of applications at the LCC level. Applications might be received there, merely as a convenience, and then forwarded for central processing and assignment. Costs and staffing for this routine procedural step are included in the administrative support for LCC operations (see subsection VI.G).

2. Current Analysis of Alternatives in FY 1987/88 Terms

If the proposed Merged Government had been fully operational throughout FY 1987/88, our estimate of efficiency gains -- expressed as differences in costs and staffing in FY 1987/88 dollars and FTEs -- is summarized in Table 11-VI below.

Table 11-VI
Planning and Development —
FY 1987/88 Comparison of Alternatives

	FTEs	Costs (000's)		Total
		Personnel	Other	
City - Current	139.0	\$ 5,702	\$1,664	\$ 7,366
County - Current	220.2	7,781	2,580	10,361
Status Quo	359.2	\$13,483	\$4,244	\$17,727
Subtotal: Merged Government	331.7	\$12,261	\$4,081	\$16,342
Differences Attributable to Efficiency Gains	(27.5)	\$(1,222)	\$ (163)	\$(1,385)
Increase for LCC Planning Operations	18.0	682	117	799
Total: Merged Government	349.7	\$12,943	\$4,198	\$17,141
Net Differences from Status Quo	(9.5)	\$(540)	\$ (46)	\$(586)

Exhibit VI-18, following this page, summarizes the staffing analysis which supports the foregoing estimates. More details on the staffing analysis are presented in Appendix B.

The key elements of the foregoing cost estimates are outlined below.

- Salary and fringe benefit cost efficiencies were estimated using an average salary and benefit package for comparable city and county personnel classifications, as described previously in subsection A.

PLANNING AND DEVELOPMENT STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENT

FY 1987/88

TOTAL -----	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	4	4	14	90	26	139
COUNTY	1	4	3	21	144.2	47	220.2
STATUS QUO	2	8	7	35	234.2	73	359.2
MERGED GOVERNMENT	1	5	5	31	224.7	65	331.7
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(3)	(2)	(4)	(9.5)	(8)	(27.5)
INCREASE FOR LCC PLANNING OPERATIONS	0	0	0	1	12	5	18
REVISED TOTALS FOR MERGED GOVERNMENT	1	5	5	32	236.7	70	349.7
NET DIFFERENCES FROM STATUS QUO	(1)	(3)	(2)	(3)	2.5	(3)	(9.5)

- Efficiency savings in services, supplies, and other costs are estimated at one-half the percentage of FTEs gained times the total FY 1987/88 budget for these costs. The actual calculation was $\$2,122,070 \times .077 = \$163,399$ in FY 1987/88 dollars.

3. Projected Analysis of Alternatives

Exhibit VI-19, following this page, summarizes the six-year projections of FTEs and costs for the Status Quo and Merged Government alternatives. Explanatory comments concerning this information are provided in the following paragraphs.

Projection Methodology

The general methodology described previously in this report section was used to project FY 1987/88 data out six years. For Planning and Development, we used the following compounded average annual growth rates:

- Expenditures per capita -- 13.66%
- FTEs per 1,000 population -- 7.94%.

As pointed out earlier, this service area has been one of the fastest growing for both the city and county, and it is not unreasonable to estimate continued significant growth over the next six years. Whether the growth rates will approximate those of the past five years is, of course, uncertain.

LCC Operations

Our estimate of the additional costs and staffing required for LCC planning operations assumed that:

- Twenty LCCs would be established and begin to deliver services in January 1993
- On average, each LCC would meet bi-weekly
- One planner and one clerical employee would be present at each meeting

PLANNING AND DEVELOPMENT STAFFING AND EXPENDITURE (000's)

PROJECTIONS FOR MERGED GOVERNMENT

	Actual		Projected											
	FY 1987/88		FY 1988/89		FY 1989/90		FY 1990/91		FY 1991/92		FY 1992/93		FY 1993/94	
	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost
City	139.0	\$7,366	152.8	\$8,595	167.9	\$10,023	181.8	\$11,520	197.0	\$13,246	213.3	\$15,227	231.0	\$17,499
County	220.2	10,361	245.6	12,112	273.8	14,154	302.3	16,377	333.6	18,945	368.0	21,907	405.8	25,326
Status Quo	359.2	\$17,727	398.4	\$20,707	441.7	\$24,177	484.1	\$27,897	530.6	\$32,191	581.3	\$37,134	636.8	\$42,825
Merged Government	359.2	17,727	398.4	20,707	441.7	24,177	484.1	27,897	500.2	30,508	533.5	34,239	583.1	39,481
Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	(30.4)	(\$1,682)	(47.8)	(\$2,895)	(53.7)	(\$3,344)
LCC Planning Costs	—	—	—	—	—	—	—	—	0.0	0	14.6	837	32.0	1931
Net Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	(30.4)	(\$1,682)	(33.2)	(\$2,058)	(21.7)	(\$1,413)
One-Time Implementation Costs	—	—	—	—	—	—	—	—	—	122	—	0	—	0
Total Costs By Fiscal Year	359.2	\$17,727	398.4	\$20,707	441.7	\$24,177	484.1	\$27,897	500.2	\$30,630	548.1	\$35,076	615.1	\$41,412

- One attorney also would be present at each meeting
- The number of applications processed would not increase over and above normal growth. However, it is anticipated that there would be increased pressure to develop new community plans.

Planners involved in supporting LCC operations would experience a decrease in productivity due to the increase in number of "planning commissions" (e.g., three to twenty) and the increase in time spent traveling and in discussions with LCC members outside of official meetings.

Based upon the above assumptions, we estimate that the LCC Planning and Development-related operations will require the following staffing in addition to other staffing provided by the Merged Government alternative:

- A supervisor and about eight planners, or approximately one for every 2.5 LCCs on average
- Two other planners for increased development of community plans
- Five clerical support positions
- Two attorneys (actually part of the Metro legal staff).

The supervisor and eight planners constitute a 32 percent increase in the number of planners authorized in FY 1987/88 in the combined city and county budgets for current planning.

The costs associated with the LCC planning operations were estimated as follows:

- Salaries and benefits were estimated using the same methodology as described for calculating efficiency gains. We then added 1,200 hours at a half-time rate for both a planner and a clerical position. This allows for time and one-half overtime pay for these positions while attending night time LCC meetings. Alternatively, they could work a different shift on meeting days.
- Services and supplies were estimated to be proportionately higher per FTE because of the decentralized LCC operation. Our approach to estimating savings amounted to a cost efficiency gain of \$5,942 per FTE. The estimated increase in these costs is based on \$6,500 per FTE added, or about \$550 more per position.

The net estimated expenditure increase due to LCC operations is \$799,350 in FY 1987/88 dollars. This expenditure would be ongoing every fiscal year (as compared to a one-time cost), beginning in January 1993.

Implementation Assumptions

The basic timing assumptions concerning implementation of the Merged Government alternative are as described previously in this report. Other key assumptions are outlined below.

- *Attrition and Phase-In of Efficiency Gains*

Our estimate assumes that the efficiency gains will be phased in equally over an 18-month period, beginning in July 1991. This means that 67 percent of total annual efficiency gains are realized in FY 1991/92, and 100 percent in FY 1992/93.

- *Implementation Costs*

Our projection assumes a one-time implementation cost (for conversion of phones, forms, etc.) of \$100,000 in FY 1987/88 dollars. This cost is assumed to be incurred over a twelve-month timeframe, beginning in July 1991. Therefore, 100 percent of the costs are included in FY 1991/92.

In summary, the estimated first-year FTE and cost efficiency gains would approximately double in 5 to 8 years, respectively, if the per capita growth rate of Planning and Development continues at the rate of the past four years.

4. Qualitative Issues

The establishment of a consolidated planning function should enhance the coordination and quality of countywide planning and development. The changes in terms of LCC involvement also should ameliorate frustrations felt by many residents concerning the lack of substantive influence over neighborhood planning issues. Finally, the merger should result in a reduction of administrative FTEs as a percentage of all Planning and Development FTEs, from 15.1 percent to 13.3 percent (before increases for the LCC planning services).

L. PUBLIC WORKS - TRANSPORTATION

1. Description of Service Area

Transportation is one of several major service areas included within the city and the county Departments of Public Works. It is a diverse service area which involves political entities other than the city and county, e.g., Sacramento Area Council of Governments (SACOG), Sacramento Regional Transit, and the Sacramento Transportation Authority.

The definition of Transportation services used in this report is guided by the types of activities performed by, and the responsibilities assigned to, existing city and county service units. The proposed Merged Government would have full control over only these units, and direct efficiency gains would be restricted to these activities and personnel.

Included within the Transportation service area are the following activities:

- *Short-and long-range transportation planning, in coordination with other external entities*
- *Design and construction of streets, highways, and bridges*
- *Maintenance and repair of streets, highways, and bridges, including landscaping*
- *Traffic engineering*
- *Placement and maintenance of all traffic signs, signals, and markings*
- *Maintenance of street lighting*
- *Operation and maintenance of publicly-owned, off-street parking facilities and on-street parking meters.*

Transportation expenditure data presented in this subsection includes the contributions to Paratransit operations and other transit support operations (e.g., K Street Mall trams) by the city (\$683,000 in FY 1987/88) and the county (\$66,600 in the same year).

Current and Status Quo Services

Currently, SACOG is the lead agency for regional transportation planning, and city and county units coordinate their planning activities with SACOG. The Sacramento Regional Transit Authority provides bus and light rail public transportation and we assume it would continue to be a separate entity under the Merged Government.

Beyond these notable exceptions, local transportation services are provided principally by divisions of the two existing Departments of Public Works. However, the Transportation-related costs and staffing are not easily segregated from expenditures and personnel used to provide other services. For example:

- The county's Highways and Bridges Division of its DPW performs transportation-related engineering work for parks and for various special districts (on a reimbursement basis). The city's Engineering Division similarly provides services to programs other than transportation
- The county's Maintenance unit of the Highways and Bridges Division performs work on storm drainage systems and completes some construction projects for other county departments, including Parks and Recreation. It also performs tree trimming services for the county. In the city, this function is in the Department of Parks and Community Services (and the city's related costs and staffing are included in the Parks and Recreation Service area in this report)
- Some functions in support of the Transportation service area are performed by other organizational units not included in "transportation," such as real estate and surveying units in the county
- Both Departments of Public Works have administrative units and activities which support all other direct service units. These administrative costs and staffing are not allocated to each major program area in the budgets.

The point of the above discussion is that the Transportation service area costs and staffing reported herein are (1) **overstated** to the extent they include expenditures to support other programs and other jurisdictions (e.g., storm drainage, parks, special districts, etc.), and are **understated** to the extent they do not include appropriate allocations of direct services from other organizational units or departmental administrative overhead. Given the planning feasibility nature of this study, we did not attempt to develop the allocations necessary to accurately account for costs to this level of detail. Such

detail is not necessary for our purposes, nor is it available on a historical basis (to develop projections of future expenditures).

Our analysis of historical city and county Transportation costs over the four years prior to FY 1987/88 resulted in the following compounded average annual growth rates:

- City -- FTEs per 1,000 population: (1.59)%
Expenditures per capita: 9.97%
- County -- FTEs per 1,000 population: (0.74)%
Expenditures per capita: 0.69%

However, actual compounded growth rates used to project city and county FTEs per 1,000 population were assumed to be zero (e.g., no per capita growth) because, in reality, FTEs will probably not decline in total over the next six years, even though they could decline in a given year. Additionally, the actual compounded growth rate used to project county expenditures per capita was assumed to be zero because of the minimal change in county historical expenditures per capita. Thus, city and county FTE and county expenditure projections are calculated to increase at the rate of projected city and county populations (i.e., no other growth rate factors).

Merged Government Services

Under the Merged Government alternative, the two Public Works Departments would be consolidated, as would all the Transportation-related personnel and budgets. We do not envision a major change in the activities performed, but there should be substantial gains in efficiency, particularly in the design and maintenance functions, and improved quality of coordinated, prioritized transportation plans.

With respect to the Sacramento Regional Transit Authority, we assume that the new Merged Government Board or Mayor would appoint all seven members of the RT Board. Presently, the City Council appoints four members of this board and the County Supervisors appoint the other three. Beyond this change, which has no fiscal effect, we have assumed no differences in the operation of RT caused by the Merged Government proposal.

2. Sacramento Transportation Tax

In 1988, voters in Sacramento County approved the establishment of a one-half cent additional sales tax as a local funding source for roadway construction and maintenance and transit operations. The tax became effective on April 1, 1989 and will continue for twenty years. The task of allocating tax revenues has been assigned to the Sacramento Transportation Authority (STA), which is a board comprised of eleven members. Presently, the Board of Supervisors and City Council each appoint four members to the STA and the three remaining members represent the unincorporated area.

Revenues generated from the transportation tax are projected to exceed \$46 million over the first fifteen months (through FY 1989/90). The city's share of this anticipated revenue is expected to equal \$9,332,954 and the county's share is expected to equal \$16,632,521. The balance of the funds are distributed among other cities, transit agencies, air quality programs, and administration.

Our analysis of Transportation expenditures does not include these special purpose funds. Undoubtedly, the projects funded via the sales tax revenue will affect public works/transportation staffing and programs of either the Status Quo or Merged Government alternatives. More personnel will be needed to either perform the design and construction work for approved projects (e.g., maintenance of current roads, construction of new roads, etc.), or to supervise contractors who perform this work. Where new roads are constructed, long-term maintenance requirements will increase, also resulting in the need for more personnel. However, we cannot reasonably estimate at this time the future distribution of projects, in-house work, and staffing resulting from the transportation tax. For this reason, and because the revenues and costs did not exist in our base comparison year of 1987/88, we did not add it to our calculations.

3. Current Analysis of Alternatives in FY 1987/88 Terms

If the proposed Merged Government had been fully operational throughout FY 1987/88, our estimate of efficiency gains -- expressed as differences in costs and staffing in FY 1987/88 dollars and FTEs -- is summarized in the table below.

Table 12-VI
Public Works - Transportation
FY 1987/88 Comparison of Alternatives

	FTEs	Costs (000's)		
		Personnel	Other	Total
City - Current	263.5	\$ 9,179	\$ 8,525	\$17,704
County - Current	<u>242</u>	<u>9,182</u>	<u>5,309</u>	<u>14,491</u>
Status Quo	505.5	\$18,361	\$13,834	\$32,195
Total: Merged Government	<u>477.5</u>	<u>17,140</u>	<u>13,583</u>	<u>30,723</u>
*Differences Attributable to Efficiency Gains	(28)	\$ (1,221)	\$ (251)	\$ (1,472)

Portion of Efficiency Gains Attributable to Special Districts (8%)	(2.2)	\$ (98)	\$ (20)	\$ (118)

*Adjusted Differences Attributable to Efficiency Gains if Two Service Districts are Operated	(12)	\$ (585)	\$ (110)	\$ (695)

These comparisons do not consider one-time implementation costs which are discussed later. Also, the reduction in efficiency gains resulting from two service districts is related primarily to road maintenance and traffic control maintenance and installation.

Exhibit VI-20, following this page, summarizes the staffing analysis which supports the foregoing estimates. More details on the staffing analysis are presented in Appendix B.

TRANSPORTATION STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

TOTAL -----							
	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	2	3	6	28	208.5	16	263.5
COUNTY	1	3	7	27	197	7	242
STATUS QUO	3	6	13	55	405.5	23	505.5
MERGED GOVERNMENT	2	4	9	51	391.5	20	477.5
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(2)	(4)	(4)	(14)	(3)	(28)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(2)	(4)	(1)	(2)	(2)	(12)

The key elements of the foregoing cost estimates are outlined below.

- Salary and fringe benefit cost efficiencies were estimated using an average salary and benefit package for comparable city and county personnel classifications, as described previously in subsection A. The cost of extra pay for overtime, accumulated sick leave, holidays, and vacation, and other incidentals, is estimated at five percent of total direct salaries.
- Efficiency savings in services, supplies, and other costs are estimated at one-third of these costs times half the percentage of FTEs gained. The actual calculation was $\$4,565,318 \times .055 = \$251,092$ in FY 1987/88 dollars.
- Growth rate calculations for the city's expenditures per capita and FTEs per 1,000 population did not include the Traffic Engineering unit, the Signals and Lighting unit, or the Traffic Signs and Markings unit because of the difficulty in estimating expenditures and FTEs for these units from historical data. The Traffic Engineering unit was created in FY 1987/88 by splitting the Transportation and Development unit in the Engineering Division into two separate units, and the Signals and Lighting unit and Traffic Signs and Markings unit were created in FY 1984/85 from divisions within the Department of General Services and the Department of Public Works. No separate calculations of expenditures and FTEs were available for years prior to the establishment of these separate units. Although expenditures and FTEs for these units were not used in calculating average annual compounded growth rates, the FY 1987/88 expenditures and staffing for these three units were included in Table 12-VI in order to accurately reflect current staffing and costs of the Transportation service area.

4. Projected Analysis of Alternatives

Exhibit VI-21, on the following page, summarizes the six-year projections of FTEs and costs for the Status Quo and Merged Government alternatives. Explanatory comments concerning this information are provided in the following paragraphs.

PUBLIC WORKS - TRANSPORTATION STAFFING AND EXPENDITURE (000's)

PROJECTIONS FOR MERGED GOVERNMENT

	Actual		Projected											
	FY 1987/88		FY 1988/89		FY 1989/90		FY 1990/91		FY 1991/92		FY 1992/93		FY 1993/94	
	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost
City	263.5	\$17,704	269.8	\$19,931	276.1	\$22,429	278.5	\$24,887	281.0	\$27,610	283.5	\$30,629	285.9	\$33,978
County	242.0	14,491	249.2	14,925	256.4	15,358	261.4	15,652	266.3	15,946	271.2	16,241	276.1	16,535
Status Quo	505.5	\$32,195	519.0	\$34,856	532.5	\$37,787	539.9	\$40,539	547.3	\$43,556	554.7	\$46,870	562.0	\$50,513
Merged Government	505.5	32,195	519.0	34,856	532.5	37,787	539.9	40,539	528.7	42,400	527.3	44,899	535.1	48,196
Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	(18.6)	(\$1,156)	(27.4)	(\$1,971)	(26.9)	(\$2,317)
<hr/>														
One-Time Implementation Costs	—	—	—	—	—	—	—	115	—	244	—	0	—	0
Total Costs By Fiscal Year	505.5	\$32,195	519.0	\$34,856	532.5	\$37,787	539.9	\$40,654	528.7	\$42,644	527.3	\$44,899	535.1	\$48,196

Projection Methodology

The general methodology described previously in this report section was used to project FY 1987/88 data out six years with some minor modifications that are discussed below. For Transportation, the following compounded average annual growth rates were calculated:

- Expenditures per capita -- 5.77%
- FTEs per 1,000 population -- (0.13)%.

The actual compound rate of growth used in projecting FTEs per 1,000 population was zero because of the minimal change in FTEs per 1,000 population. Also, as pointed out earlier, these projections do not include projects which will be undertaken with revenue from the new one-half cent transportation-related sales tax. Finally, these projections include staffing and costs for the Traffic Engineering unit, Lighting and Signal unit, and Traffic Signs and Markings unit in order to accurately reflect the future FTEs and costs of the Transportation service area.

Implementation Assumptions

The basic timing assumptions concerning implementation of the Merged Government alternative are as described previously in this report. Other key assumptions are outlined below.

- *Attrition and Phase-In of Efficiency Gains*

Our estimate assumes that the efficiency gains will be phased in equally over an 18-month period, beginning in July 1991. This means that 67 percent of total annual efficiency gains are realized in FY 1991/92, and 100 percent in FY 1992/93.

- *Implementation Costs*

Our projection assumes a one-time implementation cost (for conversion of phones, forms, etc.) of \$300,000 in FY 1987/88 dollars. This cost is assumed to be incurred over an 18-month timeframe, beginning January 1991. Therefore, 33 percent of the costs are included in FY 1990/91 and 67 percent in FY 1991/92.

5. Qualitative Issues

In addition to the cost-oriented efficiencies just discussed, our analysis of the two government alternatives identified the following non-fiscal differences associated with the Merged Government structure for Transportation.

- Greater coordination of transportation plans and priorities throughout Sacramento County
- Decreased **public works** administrative FTEs as a percent of all **public works** FTEs (described in the subsection on Public Works - Other).

M. PUBLIC WORKS - SOLID WASTE

1. Description of Services

Solid Waste is one of several service major service areas included within the city and county Departments of Public Works. Included within this service area are the following major functions:

- *Residential refuse collection*
- *Disposal of solid waste*
- *Operation and maintenance of city and county landfills*
- *Operation and maintenance of county transfer stations*
- *Implementation of neighborhood clean-up programs*
- *Solid waste management planning.*

Current and Status Quo Services

Currently, the county provides **residential** refuse collection services to the unincorporated area north of Calvine Road and contracts with private collectors for **commercial** collection services in that area. In the rural south unincorporated area, two contractors provide both residential and commercial collection services. The county collects solid waste through the use of automated trucks that pick up 90-gallon containers with a hydraulically-operated mechanical arm. Operation of these automated trucks requires only one sanitation worker in comparison to traditional refuse trucks that require two workers. Waste collected by the county trucks is hauled directly to the county-operated landfill on Kiefer Boulevard. Additionally, the county operates and maintains two transfer stations and contracts with a private party for a third station. These transfer stations permit the general public, commercial haulers, and some county collection vehicles to dispose of refuse without having to drive out to the county's landfill. Finally, the county administers a resource recovery program that involves collecting recyclable materials from residences.

The city's solid waste collection operation is different from the county's in that the city collects commercial refuse in addition to residential refuse. Also, the city collects uncontainerized garden and yard refuse deposited in the streets, and provides street sweeping services. The city's

collection service is approximately 90 percent automated and should be completely automated by FY 1989/90. Achievement of full automation will result in a reduction of 7 FTEs from the city's current Solid Waste Division staffing. Our projections allow for an on-going efficiency gain of 7 FTEs in the Status Quo alternative (in addition to the efficiency gains realized from a consolidated operation) beginning in FY 1989/90.

Currently, waste collected by the city is hauled to the city landfill at 28th and A Streets. However, this landfill is scheduled to close in late 1991 at which time the city will begin to haul most waste directly to the county landfill. Our projections did not include additional staffing that may be required for city sanitation workers to drive out to the county landfill. An environmental impact report outlining the possible effects of hauling waste from within the city to the county landfill is currently being prepared.

Our analysis of historical city and county solid waste costs over the four years prior to FY 1987/88 resulted in the following compounded average annual growth rates:

- City -- FTEs per 1,000 population: (2.12)%
Expenditures per capita: 4.45%
- County -- FTEs per 1,000 population: (5.75)%
Expenditures per capita: 2.98%

The negative growth in FTEs per 1,000 population is partially a result of the development of automated waste collection techniques. The county's residential is nearly 100 percent automated and the city's is approximately 90 percent automated. Thus, staffing levels for the city and county most likely will not continue to decline (after allowing for the reduction of 7 FTEs in FY 1989/90 when the city becomes fully automated), and the actual compounded growth rates used to project city and county FTEs per 1,000 were assumed to be zero (i.e., no per capita growth).

Merged Government Services

Under the Merged Government alternative, the two Public Works Departments would be consolidated, as would the personnel and budgets of the city and county Solid Waste Divisions. We do not envision a major change in the level of service provided to city and county refuse collection customers nor in the necessity for disposal sites and recycling programs. Therefore, efficiency gains should be realized primarily in the administrative and management areas.

2. Current Analysis of Alternatives in FY 1987/88 Terms

If the proposed Merged Government had been fully operational throughout FY 1987/88, our estimate of efficiency gains -- expressed as differences in costs and staffing in FY 1987/88 dollars and FTEs -- is summarized in the table below.

Table 13-VI
Public Works - Solid Waste
FY 1987/88 Comparison of Alternatives

	FTEs	Costs (000's)		
		<u>Personnel</u>	<u>Other</u>	<u>Total</u>
City - Current	267	\$ 9,339	\$ 7,548	\$16,887
County - Current	<u>175</u>	<u>6,746</u>	<u>11,244</u>	<u>17,990</u>
Status Quo	442	\$16,085	\$18,792	\$34,877
Subtotal: Merged Government	<u>430</u>	<u>\$15,599</u>	<u>\$18,625</u>	<u>\$34,224</u>
*Differences Attributable to Efficiency Gains	(12)	\$ (486)	\$ (167)	\$ (653)
*Adjusted Differences Attributable to Efficiency Gains if Two Service Districts are Operated	(6)	\$ (279)	\$ (87)	\$ (366)

These comparisons do not consider the reduction of 7 FTEs in the city due to achievement of full automation in FY 1989/90, or one-time implementation costs which are discussed later.

Exhibit VI-22, following this page, summarizes the staffing analysis which supports the foregoing estimates. More details on the staffing analysis are presented in Appendix B.

The key elements of the foregoing cost estimates are outlined below.

- Salary and fringe benefit cost efficiencies were estimated using an average salary and benefit package for comparable city and county personnel classifications, as described previously in subsection A.

SOLID WASTE STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

TOTAL -----							
	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	2	3	13	239	9	267
COUNTY	1	1	4	17	146	6	175
STATUS QUO	2	3	7	30	385	15	442
MERGED GOVERNMENT	1	2	6	28	379	14	430
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(1)	(1)	(2)	(6)	(1)	(12)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(1)	(1)	(1)	(1)	(1)	(6)

- Efficiency savings in services, supplies, and other costs are estimated at one-third of these costs times the percentage of FTEs gained. The actual calculation was $\$6,201,204 \times .027 = \$167,433$ in FY 1987/88 dollars.

3. Projected Analysis of Alternatives

Exhibit VI-23, on the following page, summarizes the six-year projections of FTEs and costs for the Status Quo and Merged Government alternatives. Explanatory comments concerning this information are provided in the following paragraphs.

Projection Methodology

The general methodology described previously in this report section was used to project FY 1987/88 data out six years with some minor modifications that are discussed below. For Solid Waste, the following compounded average annual growth rates were calculated:

- Expenditures per capita — 3.59%
- FTEs per 1,000 population - (0.44)%.

The actual compound rate of growth used in projecting FTEs per 1,000 population was zero because of the minimal change in FTEs per 1,000 population.

Implementation Assumptions

The basic timing assumptions concerning implementation of the Merged Government alternative are as described previously in this report. Other key assumptions are outlined below.

- *Attrition and Phase-In of Efficiency Gains*

Our estimate assumes that the efficiency gains will be phased in equally over a twelve-month period, beginning in July 1991. This means that 50 percent of total annual efficiency gains are realized in FY 1991/92, and 100 percent in FY 1992/93. All percentages are net of inflation adjustments.

PUBLIC WORKS - SOLID WASTE STAFFING AND EXPENDITURE (000's)

PROJECTIONS FOR MERGED GOVERNMENT

	<u>Actual</u>		<u>Projected</u>											
	<u>FY 1987/88</u>		<u>FY 1988/89</u>		<u>FY 1989/90</u>		<u>FY 1990/91</u>		<u>FY 1991/92</u>		<u>FY 1992/93</u>		<u>FY 1993/94</u>	
	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost
City	266.8	\$16,887	273.2	\$18,062	272.5	\$19,303	275.0	\$20,344	277.5	\$21,436	280.0	\$22,587	282.5	\$23,797
County	175.0	17,990	180.2	19,078	185.5	20,217	189.0	21,215	192.6	22,261	196.1	23,345	199.7	24,480
Status Quo	441.8	\$34,877	453.4	\$37,140	458.0	\$39,520	464.0	\$41,559	470.1	\$43,697	476.1	\$45,932	482.2	\$48,277
Merged Government	441.8	34,877	453.4	37,140	458.0	39,520	464.0	41,559	465.3	43,284	467.5	45,073	474.5	47,384
Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	(4.8)	(\$413)	(8.6)	(\$859)	(7.7)	(\$893)
<hr/>														
One-Time Implementation Costs	—	—	—	—	—	—	—	76	—	163	—	0	—	0
Total Costs By Fiscal Year	441.8	\$34,877	453.4	\$37,140	458.0	\$39,520	464.0	\$41,635	465.3	\$43,447	467.5	\$45,073	474.5	\$47,384

- *Implementation Costs*

Our projection assumes a one-time implementation cost (for conversion of uniforms, vehicles, phones, forms, etc.) of \$200,000 in FY 1987/88 dollars. This cost is assumed to be incurred over an 18-month timeframe, beginning January 1991. Therefore, 33 percent of the costs are included in FY 1990/91 and 67 percent in FY 1991/92.

4. Qualitative Issues

In addition to the cost-oriented efficiencies just discussed, our analysis of the two government alternatives identified the following non-fiscal differences associated with the Merged Government structure for Solid Waste.

- Greater coordination of waste disposal planning (e.g., alternatives for future waste disposal sites as well as recycling options)
- Decreased public works administrative FTEs as a percent of all public works FTEs (described in the subsection on Public Works - Other).

N. PUBLIC WORKS - FLOOD CONTROL/WATER/WASTEWATER**1. Description of Services**

This service area combines the related public works activities of Flood Control, Water, and Wastewater. The service area includes activities performed by city and county staff for many dependent and independent districts which then reimburse the city or county. Included within this service area are the following major functions:

- *Operation, maintenance, planning, and engineering of water supply systems*
- *Administration and implementation of comprehensive long-range plans for water resources, flood control, and storm drainage*
- *Operation and maintenance of canals, ditches, levees, wastewater pumping and treatment facilities, and sewage collection facilities*
- *Operation and maintenance activities for the Sacramento Regional County Sanitation District (SCRSD) and other water and sewer districts.*

At the outset, it is important to emphasize that meaningful direct comparisons between city and county organizations involved in this service area are not possible without considering numerous special districts. The city Department of Public Works provides all of the municipal water, storm drainage, and sewer services, and is reimbursed through user fees for these services. In the county, much of this service is handled through special districts. Some of these costs are reimbursed to the county (and are included in this report section) for work done by the county Department of Public Works. However, substantial portions of the costs are contained only within the budgets of special districts. As a consequence, comparisons of city and county budgets for this service area are not appropriate and are not intended.

Current and Status Quo Services

Currently, the county's Water Resources Division of the Department of Public Works provides services related to flood control and water planning. Almost all of the staffing and expenditures appropriated to this division are used to provide services to the Metropolitan Storm Drainage District, the Sacramento County Water Agency, and the Sacramento County Water Maintenance District. The county's Water Quality Division provides services related to wastewater collection and treatment. Almost all of the staffing and expenditures of this division are used to provide services to the Sacramento Regional County Sanitation District as well as various other sanitation and water districts. The cost of services of the Water Resources and Water Quality Divisions are reimbursed by the user districts.

In the city, the Water Division of the Department of Public Works is responsible for water planning activities, and the Flood Control and Sewer Division is responsible for flood control and wastewater activities. In contrast to the county, the city divisions do not provide many services to special districts (with the exception of the SCRSD, for which the city provides some services).

The majority of FTEs in this service area are involved with the collection and treatment of wastewater. The city is responsible for collecting wastewater from approximately two-thirds of the city residents while the county collects from the other one-third of the city and the unincorporated area. All wastewater is treated by the SRCSD at its plant in the South Sacramento area. The county provides the majority of staffing for the SRCSD, and charges the district for its services. The SRCSD generates income by charging user fees to its customers.

The Sacramento Metropolitan Flood Protection Task Force and Office of City/County Flood Control Planning were established in FY 1988/89 so that the greater Sacramento area could develop a better coordinated flood control plan. The Task Force recently adopted a three-phase strategy for flood control planning, which involves stabilization repair of the levees, proceeding with work necessary to obtain 100-year protection, and proceeding with work necessary to obtain 200-year protection. The Flood Control Planning Office is funded jointly by the city, county, American River Flood Control District, and RD 1000, and both city and county Public Works Departments provide staff to the Flood Control Planning Office when needed. The Office's operating costs are split between the city, county, American River Flood Control District, and RD 1000, and are expected to total \$317,000 in FY 1988/89 and \$1.6 million in FY 1989/90. Our projections for both the Status Quo and Merged Government alternatives assumed that the additional cost of the Flood Control Planning Office will be paid for primarily by the city and county (50 percent by the city and 50 percent by the county beginning in FY 1988/89). We also estimate that the Task Force costs will increase in future years at the average compound rate of growth of expenditures per capita for each scenario (e.g., the city and county rates of growth and the Merged Government rate of growth).

Our analysis of historical city and county Flood Control, Water, and Wastewater costs over the four years prior to FY 1987/88 disclosed the following compounded average annual growth rates:

- City -- FTEs per 1,000 population: 3.57%
Expenditures per capita: 8.28%
- County -- FTEs per 1,000 population: (0.72)%
Expenditures per capita: 2.05%

The actual compounded annual growth rate used to project county FTEs per 1,000 population was assumed to be zero (i.e., no per capita growth) because, in reality, FTEs probably will not decline in total over the next six years, even though they could decline in a given year.

Merged Government Services

Under the Merged Government alternative, the two Public Works Departments would be consolidated, as would the personnel and budgets of the four divisions in this services area. We do not envision a major change in the activities related to wastewater collection and treatment or water production and distribution. However, as the Sacramento Metropolitan Flood Protection Task Force expands its operations, the need for a higher level of service in the flood control area may exist. Therefore, efficiency gains within this service area should be realized primarily in the administrative area related to Wastewater, and in areas where consolidation would result in more efficient general operations (e.g., wastewater collection and treatment).

As mentioned previously, most of the Flood Control, Water, and Wastewater expenditures and staffing for the county (97%) supports the activities of the special districts. Additionally, the city provides some services to special districts, equivalent to approximately 2 percent of city total expenditures. The net effect is that 47 percent of the combined city and county staffing and expenditures supports the activities of special districts. Efficiency gains attributable to special districts would not directly accrue to the taxpayers as a whole, but to customers of the special districts. Since the majority of households in Sacramento County subscribe to services provided by one or more districts, our analysis included efficiency gains that would be realized by special districts.

2. Current Analysis of Alternatives in FY 1987/88 Terms

If the proposed Merged Government had been fully operational throughout FY 1987/88, our estimate of efficiency gains -- expressed as differences in costs and staffing in FY 1987/88 dollars and FTEs -- is summarized in Table 14-VI below.

Table 14-VI
Public Works - Flood Control/Water/Wastewater
FY 1987/88 Comparison of Alternatives

	FTEs	Costs (000's)		
		Personnel	Other	Total
City - Current	293.3	\$11,767	\$11,724	\$23,491
County - Current	404.0	17,500	3,248	20,748
Status Quo	697.3	\$29,267	\$14,972	\$44,239
Subtotal: Merged Government	676.3	28,309	14,824	43,133
*Differences Attributable to Efficiency Gains	(21)	\$ (958)	\$ (148)	\$ (1,106)
<hr/>				
Portion of Efficiency Gains Attributable to Special Districts (47%)	(10)	\$ (450)	\$ (70)	\$ (520)
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*Adjusted Differences Attributable to Efficiency Gains if Two Service Districts are Operated	(3)	\$ (192)	\$ (20)	\$ (212)

These comparisons do not consider one-time implementation costs which are discussed later.

Exhibit VI-24, following this page, summarizes the staffing analysis which supports the foregoing estimates. More details on the staffing analysis are presented in Appendix B.

FLOOD CONTROL/WATER/WASTEWATER STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

TOTAL

	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	2	10	5	31	232	13	293.25
COUNTY	2	3	8	56	315	20	404
STATUS QUO	4	13	13	87	547	33	697.25
MERGED GOVERNMENT	3	11	12	84	535	31	676.25
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(2)	(1)	(3)	(12)	(2)	(21)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(2)	0	0	0	0	(3)

The key elements of the foregoing cost estimates are outlined below.

- Salary and fringe benefit cost efficiencies were estimated using an average salary and benefit package for comparable city and county personnel classifications, as described previously in subsection A.
- Efficiency savings in services, supplies, and other costs are estimated at one-third of these costs times the percentage of FTEs gained. The actual calculation was $\$4,940,662 \times .03 = \$148,220$ in FY 1987/88 dollars
- Efficiency gains attributable to special districts were estimated by applying the percentage of charges for service to special districts (relative to total charges) to the total efficiency gains under a Merged Government. This percentage was approximately 47 percent for FY 1987/88.

3. Projected Analysis of Alternatives

Exhibit VI-25, on the following page, summarizes the six-year projections of FTEs and costs for the Status Quo and Merged Government alternatives. Explanatory comments concerning this information are provided in the following paragraphs.

Projection Methodology

The general methodology described previously in this report section was used to project FY 1987/88 data out six years. For Flood Control, Water, and Wastewater, we used the following compounded average annual growth rates:

- Expenditures per capita -- 5.36%
- FTEs per 1,000 population -- 1.49%

Implementation Assumptions

The basic timing assumptions concerning implementation of the Merged Government alternative are as described previously in this report. Other key assumptions are outlined below.

PUBLIC WORKS - FLOOD CONTROL/WATER/WASTEWATER STAFFING AND EXPENDITURE (000'S)

PROJECTIONS FOR MERGED GOVERNMENT

	<u>Actual</u>		<u>Projected</u>											
	<u>FY 1987/88</u>		<u>FY 1988/89</u>		<u>FY 1989/90</u>		<u>FY 1990/91</u>		<u>FY 1991/92</u>		<u>FY 1992/93</u>		<u>FY 1993/94</u>	
	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost
City	293.3	\$23,491	311.0	\$26,043	329.6	\$28,859	344.4	\$31,525	359.9	\$34,438	376.0	\$37,616	392.8	\$41,089
County	404.0	20,748	416.0	21,806	428.1	22,900	436.3	23,815	444.5	24,762	452.7	25,733	460.9	26,736
Status Quo	697.3	\$44,239	727.0	\$47,849	757.7	\$51,759	780.7	\$55,340	804.4	\$59,200	828.7	\$63,349	853.7	\$67,825
Merged Government	697.3	44,239	727.0	47,849	757.7	51,759	780.7	55,340	792.5	58,511	804.1	61,839	828.0	66,114
Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	(11.9)	(\$689)	(24.6)	(\$1,510)	(25.7)	(\$1,711)
<hr/>														
One-Time Implementation Costs	—	—	—	—	—	—	—	115	—	244	—	0	—	0
Total Costs By Fiscal Year	697.3	\$44,239	727.0	\$47,849	757.7	\$51,759	780.7	\$55,455	792.5	\$58,755	804.1	\$61,839	828.0	\$66,114

- *Attrition and Phase-In of Efficiency Gains*

Our estimate assumes that the efficiency gains will be phased in equally over a twelve-month period, beginning in July 1991. This means that 50 percent of total annual efficiency gains are realized in FY 1991/92 and 100 percent in FY 1992/93. All percentages are net of inflation adjustments.

- *Implementation Costs*

Our projection assumes a one-time implementation cost (for conversion of phones, forms, equipment, uniforms, etc.) of \$400,000 in FY 1987/88 dollars. This cost is assumed to be incurred over an 18-month timeframe, beginning January 1991. Therefore, 33 percent of the costs are included in FY 1990/91 and 67 percent in FY 1991/92.

4. Qualitative Issues

In addition to the cost-oriented efficiencies just discussed, our analysis of the two government alternatives identified the following non-fiscal differences associated with the Merged Government structure for Flood Control, Water, and Wastewater.

- Improved coordination of activities related to wastewater collection, including the maintenance of sewage pipes
- Decreased **public works** administrative FTEs as a percent of all **public works** FTEs (described in the subsection on Public Works - Other).

O. PUBLIC WORKS - OTHER

1. Description of Service Area

This service area includes the administrative functions of the city and county Departments of Public Works as well as all remaining public works activities not included in the previous service area analyses on Transportation, Solid Waste, and Flood Control, Water, and Wastewater (except for the Equipment Maintenance Division of the county Department of Public Works, which is included in the General Services analysis). Major functional categories included within this service area are:

- *Administration*
- *Accounting and fiscal management*
- *Legislative analysis*
- *Personnel services*
- *Management of city and county-owned property*
- *Acquisition of property for city and county use*
- *Architectural, engineering design, and construction inspection services for both the city and county's Capital Improvement Programs.*

Current and Status Quo Services

Currently, within the county's Department of Public Works, the Administrative unit and Administrative Services Division provide support services to the county DPW, the Real Estate Division provides all real property-related services, the Technical Services Division provides many construction-related services, and the Building Design Division provides design and architectural services. Some services are provided to special districts by these divisions and the county then is reimbursed by the districts. In the city, the Administration Division provides support services to the city DPW and the Engineering Division provides real property-related services as well as design and architectural services. Additionally, the city's General Services Department provides building design services in the design and construction unit, which is included in this service area analysis.

The county has substantially more FTEs in this service area than the city (282 FTEs versus 107). This is primarily the result of the substantial amount of work performed by the county for special districts and enterprise funds, and the county's method of staffing/funding certain DPW support services (e.g., the county has its own DPW personnel office, utility billing office, budget office, and management information section). The county DPW collects charges for services from these various other entities and funds. In contrast, the city funds its operations through user fees and appropriations from the General Fund. As a result of the different funding approaches, the county DPW operates essentially as an independent entity while the city relies on support from other city departments (e.g., the Finance Department for utility billing, etc.). Our analysis assumed that the current structure of support services in the county would exist under a Merged Government, and did not include staffing or expenditures for services provided by the city's Department of Finance because of the difficulty in allocating costs to this level of detail. Therefore, our efficiency gains may be understated to the extent that city personnel not included in our analysis of DPW-Other are providing duplicative services relative to personnel in the county DPW.

Our analysis of historical city costs for this service area included staffing and expenditures over the three years prior to FY 1987/88 rather than four years because of the reorganization of the city DPW between FY 1983/84 and 1984/85 (per capita expenditures increased over 100 percent between FY 1983/84 and 1984/85 primarily because of budget reallocations). Thus, expenditures and staffing in FY 1983/84 do not, in our opinion, accurately reflect the organizational structure of the city DPW in 1987/88, and, therefore, were not used in determining growth rates. Historical county costs for this service area included staffing and expenditures over the four years prior to FY 1987/88, which is the period used in all previous service area analyses. The compounded average annual growth rates during the time periods mentioned were as follows:

- City -- FTEs per 1,000 population: 3.60%
Expenditures per capita: 7.23%
- County -- FTEs per 1,000 population: 5.40%
Expenditures per capita: 3.12%

These growth rates form the basis for our projections of future costs and staffing, for both the Status Quo and Merged Government alternatives.

Merged Government Services

Under the Merged Government alternative, the two public works departments would be consolidated, as would the budgets and personnel related to this service area. We do not foresee a major change in the types of support services, but there should be substantial gains in much of this service area because of duplication between the city and county.

As mentioned previously, some of the county expenditures and staffing in this service area (19%) supports the activities of special districts. The net effect on combined city and county expenditures is that 13 percent of total costs are related to special districts, and 13 percent of any efficiency gains also would accrue to special districts. Efficiency gains attributable to special districts would not directly accrue to the taxpayers as a whole, but to customers of the special districts. Since the majority of households in Sacramento County subscribe to services provided by one or more districts, our analysis included efficiency gains that would be realized by the special districts.

2. Current Analysis of Alternatives in FY 1987/88 Terms

If the proposed Merged Government had been fully operational throughout FY 1987/88, our estimate of efficiency gains -- expressed as differences in costs and staffing in FY 1987/88 dollars and FTEs -- is summarized in the table on the next page.

Table 15-VI
Public Works - Other
FY 1987/88 Comparison of Alternatives

	<u>FTEs</u>	<u>Costs (000's)</u>		
		<u>Personnel</u>	<u>Other</u>	<u>Total</u>
City - Current	106.8	\$ 4,231	\$ 1,330	\$ 5,561
County - Current	282.5	9,586	10,432	20,018
Status Quo	389.3	\$13,817	\$11,762	\$25,579
Subtotal: Merged Government	360.3	12,345	11,471	23,816
*Differences Attributable to Efficiency Gains	(29)	\$ (1,472)	\$ (291)	\$ (1,763)
<hr/>				
Portion of Efficiency Gains Attributable to Special Districts (13%)	(4)	\$ (191)	\$ (38)	\$ (229)
<hr/>				
*Adjusted Differences Attributable to Efficiency Gains if Two Service Districts are Operated	(18)	\$ (967)	\$ (179)	\$ (1,146)

These comparisons do not consider one-time implementation costs which are discussed later.

Exhibit VI-26, following this page, summarizes the staffing analysis which supports the foregoing estimates. More details on the staffing analysis are presented in Appendix B.

The key elements of the foregoing cost estimates are outlined below.

- Salary and fringe benefit cost efficiencies were estimated using an average salary and benefit package for comparable city and county personnel classifications, as described previously in subsection A.

PUBLIC WORKS - OTHER STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TOTAL -----	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	4	1	13	76.8	11	106.8
COUNTY	1	6	14	33	174	54.5	282.5
STATUS QUO	2	10	15	46	250.8	65.5	389.3
MERGED GOVERNMENT	1	6	14	40	237.3	62	360.3
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(4)	(1)	(6)	(13.5)	(3.5)	(29)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(4)	(1)	(3)	(6.5)	(2.5)	(18)

- Efficiency savings in services, supplies, and other costs are estimated at one-third of these costs times the percentage of FTEs gained. The actual calculation was $\$3,881,417 \times .075 = \$291,106$ in FY 1987/88 dollars
- Efficiency gains attributable to special districts were estimated by applying the percentage of charges for service to special districts (relative to total charges) to the total efficiency gains under a Merged Government. This percentage was approximately 13 percent for FY 1987/88.

3. Projected Analysis of Alternatives

Exhibit VI-27, on the following page, summarizes the six-year projections of FTEs and costs for the Status Quo and Merged Government alternatives. Explanatory comments concerning this information are provided in the following paragraphs.

Projection Methodology

The general methodology described previously in this report section was used to project FY 1987/88 data out six years. For this service area, we used the following compounded average annual growth rates:

- Expenditures per capita -- 4.18%
- FTEs per 1,000 population -- 5.02%

Implementation Assumptions

The basic timing assumptions concerning implementation of the Merged Government alternative are described previously in this report. Other key assumptions are outlined in the following paragraphs.

- *Attrition and Phase-In of Efficiency Gains*
- Our estimate assumes that the efficiency gains will be phased in equally over an 18-month period, beginning in July 1991. This means that 67 percent of total annual efficiency gains are realized in FY 1991/92 and 100 percent in FY 1992/93.

PUBLIC WORKS - OTHER STAFFING AND EXPENDITURE (000's)

PROJECTIONS FOR MERGED GOVERNMENT

	Actual		Projected											
	FY 1987/88		FY 1988/89		FY 1989/90		FY 1990/91		FY 1991/92		FY 1992/93		FY 1993/94	
	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost
City	106.8	\$5,561	113.3	\$6,105	120.1	\$6,701	125.5	\$7,247	131.2	\$7,841	137.1	\$8,482	143.3	\$9,173
County	282.5	20,018	306.0	21,260	331.7	22,563	356.1	23,707	382.3	24,911	410.1	26,162	439.9	27,462
Status Quo	389.3	\$25,579	419.3	\$27,365	451.8	\$29,264	481.6	\$30,954	513.5	\$32,752	547.2	\$34,644	583.2	\$36,635
Merged Government	389.3	25,579	419.3	27,365	451.8	29,264	481.6	30,954	488.0	31,256	506.6	32,269	539.6	34,119
Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	(25.5)	(\$1,496)	(40.6)	(\$2,375)	(43.6)	(\$2,516)

One-Time Implementation Costs	—	—	—	—	—	—	—	115	—	244	—	0	—	0
Total Costs By Fiscal Year	389.3	\$25,579	419.3	\$27,365	451.8	\$29,264	481.6	\$31,069	488.0	\$31,500	506.6	\$32,269	539.6	\$34,119

- *Implementation Costs*

Our projection assumes a one-time implementation cost (for conversion of phones, forms, equipment, etc.) of \$300,000 in FY 1987/88 dollars. This cost is assumed to be incurred over an 18-month timeframe, beginning January 1991. Therefore, 33 percent of the costs are included in FY 1990/91 and 67 percent in FY 1991/92, both net of inflation.

4. Qualitative Issues

In addition to the cost-oriented efficiencies just discussed, our analysis of the two government alternatives identified the following non-fiscal difference associated with the Merged Government structure for this service area.

- Our estimate of the ratio of administrative FTEs to all other FTEs is increased from 1:16.95 to 1:17.81 under the Merged Government alternative.
- Our estimate of administrative FTEs as a percent of all Public Works FTEs is reduced from 5.6 percent under the current system to 5.3 percent under the Merged Government, as shown in Table 16-VI on the following page. This percentage change and the preceding ratio change indicate that proportionately more of the Public Works dollar should be available for direct public service as opposed to departmental administration. In actuality, these changes should be somewhat greater than indicated here because they do not include the benefits of merging major service area divisions which have another, albeit necessary, administrative layer (e.g., the "transportation" divisions or the "water" divisions).

Table 16-VI
Public Works -
Administrative FTEs as a Percent of Total FTEs

Service Area	Status Quo	Merged Government
Transportation	505.5	477.5
Solid Waste	442	430
Flood Control/Water/ Wastewater	697.3	676.3
Other	<u>389.3</u>	<u>360.3</u>
Total Public Works FTEs	2,034.1	1,944.1
Administrative FTEs	113.3	103.3
Administrative FTEs as a Percent of Total FTEs	5.6%	5.3%

P. GENERAL SERVICES

1. Description of Service Area

The General Services service area encompasses all personnel, programs, and activities of the city and county Departments of General Services (DGS). Major functional categories included within this service area are:

- *Maintenance, repair, and remodelling of publicly-owned buildings, using both in-house and contract personnel*
- *Purchase, maintenance, and repair of vehicles required by most county departments. The city and county operate motor pools, and the city also maintains the city's emergency water pumps and several stationary power units*
- *Centralized purchasing, stores, receiving, disposition of property, duplicating services, and messenger/postal service for most county departments*
- *Management and/or coordination of all forms of communications systems including telephone, radio, security, data transmissions, and alarms.*

The following adjustments to city and county DGS functions, staffing, and costs were made to provide better comparability among service area categories used in this report:

City General Services

- Design and Construction Unit of the Facility Management Division -- Deleted from DGS and included in the Public Works -- Other service area analysis
- Risk Management Division (prior to FY 1987/88 within DGS) -- Deleted from DGS and included in the Personnel/Human Resources services area analysis
- Street Lighting Unit (prior to FY 1984/85 within DGS) -- Deleted from DGS and included in the Public Works -- Transportation service area analysis

- Office of Emergency Planning (currently within the Fire Department) -- Included in General Services service area analysis.

County General Services

- Animal Control Division -- Deleted from DGS and included in the Animal Control service area analysis
- Parking Operations Unit of the Automotive Division -- Deleted from DGS and included in the Public Works -- Transportation service area analysis
- Equipment Maintenance Division of the Department of Public Works -- Included in General Services service area analysis.

Current and Status Quo Services

Currently, the service levels provided by the city and county, measured in terms of expenditures and staffing per capita, are comparable. In FY 1987/88, the city spent \$61.68 per capita on General Services compared with the county's expenditure of \$65.33. Staffing per 1,000 people in the city and county was .5291 and .5946, respectively.

Growth rates in staffing and expenditures were calculated for the past four years for both the city and county General Services. The compounded average annual growth rates during this period were as follows:

- City -- FTEs per 1,000 population: 5.78%
Expenditures per capita: 10.06%
- County -- FTEs per 1,000 population: 0.54%
Expenditures per capita: 5.73%.

The growth rate of expenditures per capita in the city is relatively high due, in large part, to a significant increase in facilities maintenance requirements over the past five years as well as the establishment of the Communications Division in FY 1985/86.

These rates were used to develop projected growth rates for the next six years for both the Status Quo and Merged Government alternatives.

Merged Government Service

Given the fact that city and county Departments of General Services provide very similar services, considerable efficiency gains should be realized through consolidation. Efficiencies should be found in both

administration and the direct provision of services. Furthermore, those special districts currently receiving services from the county's General Services Department also may benefit from these efficiencies. In FY 1987/88, approximately 2 percent of the combined city and county expenditures supported the activities of special districts. Efficiency gains attributable to these special districts would not directly accrue to the taxpayers as a whole, but to customers of the special districts.

2. Current Analysis of Alternatives in FY 1987/88 Terms

If the proposed Merged Government had been fully operational throughout FY 1987/88, our estimate of efficiency gains -- expressed as differences in costs and staffing in FY 1987/88 dollars and FTEs -- is summarized in Table 17-VI.

Table 17-VI
General Services
FY 1987/88 Comparison of Alternatives

	FTEs	Costs (000's)		
		Personnel	Other	Total
City - Current	177.1	\$ 6,787	\$13,858	\$20,645
County - Current	354	13,400	25,055	38,455
Status Quo	531.1	\$20,187	\$38,913	\$59,100
Total: Merged Government	500.1	\$18,820	\$38,727	\$57,577
Differences Attributable to Efficiency Gains	(31)	\$ (1,367)	\$ (186)	\$ (1,553)

Portion of Efficiency Gains Attributable to Special Districts (2%)	(.6)	\$ (27)	\$ (4)	\$ (31)

These comparisons do not consider one-time implementation costs which are discussed later.

Exhibit VI-28, following this page, summarizes the staffing analysis which supports the foregoing estimates. More details on the staffing analysis are presented in Appendix B.

GENERAL SERVICES STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TOTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	4	6	16	132.1	18	177.1
COUNTY	1	6	10	38	271	28	354
STATUS QUO	2	10	16	54	403.1	46	531.1
MERGED GOVERNMENT	1	6	11	49	391.1	42	500.1
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(4)	(5)	(5)	(12)	(4)	(31)

The key elements of the foregoing cost estimates are outlined below:

- Salary and fringe benefit cost efficiencies were estimated using an average salary and benefit package for comparable city and county personnel classifications, as described previously in subsection A. The cost of extra pay for overtime, accumulated sick leave, holidays, vacation, and other incidentals, is estimated at five percent of total direct salaries
- Efficiency savings in services, supplies, and other costs are estimated at \$6,000 per FTE times the number of FTEs gained. The actual calculation was $\$6,000 \times 31 = \$186,000$ in FY 1987/88 dollars.

The approach taken in calculating savings in our previous service area studies is not applicable to this analysis. In other service areas, these costs are largely related to the support of personnel. In General Services, these costs are associated to a much greater extent with maintenance of facilities; purchase, repair, and fueling of automobiles; procurement of office supplies; payment of utility bills and mailing services; etc., for all other departments. Therefore, personnel efficiency gains realized through a merger of general services departments would not translate into a significant savings in services, supplies, and other costs. The \$6,000 per FTE figure used in this analysis is in the lower range of savings that have been used in previous service area analyses.

3. Projected Analysis of Alternatives

Exhibit VI-29, on the following page, summarizes the six-year projections of FTEs and costs for the Status Quo and Merged Government alternatives. Explanatory comments concerning this information are provided in the following paragraphs.

Projection Methodology

The general methodology described previously in this report section was used to project FY 1987/88 data out six years. For General Services, we used the following compounded average annual growth rates:

GENERAL SERVICES STAFFING AND EXPENDITURE (000's)

PROJECTIONS FOR MERGED GOVERNMENT

	Actual		Projected											
	FY 1987/88		FY 1988/89		FY 1989/90		FY 1990/91		FY 1991/92		FY 1992/93		FY 1993/94	
	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost
City	177.1	\$20,645	191.8	\$23,264	207.6	\$26,201	221.6	\$29,095	236.5	\$32,306	252.3	\$35,869	269.2	\$39,818
County	354.0	38,455	366.5	41,871	379.2	45,556	388.6	49,093	398.0	52,878	407.5	56,941	417.2	61,290
Status Quo	531.1	\$59,100	558.3	\$65,135	586.8	\$71,757	610.2	\$78,188	634.5	\$85,184	659.8	\$92,810	686.4	\$101,108
Merged Government	531.1	59,100	558.3	65,135	586.8	71,757	610.2	78,188	610.3	83,730	622.1	90,424	646.5	98,463
Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	(24.2)	(\$1,454)	(37.7)	(\$2,386)	(39.9)	(\$2,645)
<hr/>														
One-Time Implementation Costs	—	—	—	—	—	—	—	76	—	1,986	—	1,914	—	0
Total Costs By Fiscal Year	531.1	\$59,100	558.3	\$65,135	586.8	\$71,757	610.2	\$78,264	610.3	\$85,716	622.1	\$92,338	646.5	\$98,463

- Expenditures per capita -- 7.31%
- FTEs per 1,000 population -- 2.41%.

Implementation Assumptions

The basic timing assumptions concerning implementation of the Merged Government alternative are as described previously in this report. Other key assumptions are outlined below.

- *Attrition and Phase-In of Efficiency Gains*

Our estimate assumes that the efficiency gains will be phased in equally over an 18-month period, beginning in July 1991. This means that 67 percent of total annual efficiency gains are realized in FY 1991/92 and 100 percent in FY 1992/93.

- *Implementation Costs*

Our projection assumes a one-time implementation cost (for conversion of forms, equipment, uniforms, etc.) of \$200,000 in FY 1987/88 dollars. This cost is assumed to be incurred over an 18-month timeframe, beginning in January 1991. Therefore, 33 percent of the costs are included in FY 1990/91 and 67 percent in FY 1991/92.

Another significant implementation cost concerns the integration of city and county radio and telephone communications systems. For Law Enforcement radio systems, this cost is estimated to be \$3.75 million and is included in our "Law Enforcement" analysis. It should provide for basic, essential integration requirements related to channel and radio conversion, mobile terminal installation, etc.

Other major communications implementation costs are associated with radio systems for other governmental units being merged (e.g., Parks and Recreation and Public Works), and general telephone systems. A detailed study is needed to determine the most cost efficient alternatives in these areas. However, a rough preliminary estimate is about \$3 million spread equally over two fiscal years, i.e., FY 1991/92 and FY 1992/93.

4. Qualitative Issues

Consolidation of the General Services functions should decrease administrative FTEs as a percentage of all FTEs from 4.1 percent to 3.3 percent. The ratio of administrative FTEs to all other FTEs would increase from 1:23.5 to 1:28.9.

Other benefits should be realized in more cost efficient purchasing and maintenance activities. Overall coordination of these activities, as well as communications, should be enhanced.

Q. PARKS AND RECREATION

1. Description of Service Area

The Parks and Recreation service area encompasses all personnel, programs, and activities of the city's Department of Parks and Community Services and the county's Department of Parks and Recreation. Major functional categories included within this service area are:

- *Acquisition, maintenance and operation of facilities for public recreational use, such as:*

<ul style="list-style-type: none"> - <i>Regional and community parks</i> - <i>Lakes and water recreation facilities</i> - <i>Natural preserves</i> - <i>Golf courses</i> - <i>Community centers</i> 	<ul style="list-style-type: none"> - <i>Sports complexes</i> - <i>Open space</i> - <i>Camping areas</i> - <i>Trails</i> - <i>Camp Sacramento</i>
--	---
- *Acquisition, maintenance and operation of cultural facilities, such as the:*

<ul style="list-style-type: none"> - <i>Sacramento Zoo</i> - <i>Crocker Art Museum</i> - <i>Sacramento History Center</i> - <i>The Sacramento Science Center</i> 	<ul style="list-style-type: none"> - <i>Effie Yeaw Nature Center</i> - <i>Indian Stone Coral</i> - <i>Rhodes School</i> - <i>Elk Grove Hotel</i>
--	--
- *Development and operation of adult and youth recreational programs, e.g., softball, basketball, swimming, handicapped, etc.*
- *Presentation of educational programs which compliment the basic recreational and cultural mission, e.g., courses on crafts and hobbies, and environmental living programs.*
- *Care of all trees along the public right-of-way (a City of Sacramento program) and in parks.*

- *Park law enforcement.*
- *Citizen commissions related to parks and recreation issues.*

Current and Status Quo Services

Currently, the county's Parks and Recreation facilities are primarily regional in that they serve a broad geographic area rather than a specific community or neighborhood. The primary example is the American River Parkway with several large park sites and 30 miles of developed pathway. Large parts of the Parkway are in The City of Sacramento. Other significant regional facilities operated by the county are:

- Ancil Hoffman Park and Golf Course
- Rancho Seco and Elk Grove Parks
- Gibson Ranch
- Cherry Island Soccer Complex
- Cherry Island Golf Course
- River Delta facilities.

The city's Parks and Recreation programs also include regional-use recreation facilities, such as William Land Park, the Boat Harbor, Camp Sacramento, and three golf courses (with two others under development). Additionally, the city operates several major regional cultural centers, including the Zoo, History Center, Science Center, and Crocker Art Museum. Beyond these regional facilities/programs, the city is substantially involved in three other areas, i.e., community parks, recreational programs (particularly in connection with its community centers), and the care of over 250,000 city trees. In fact, over 57 percent (371) of the city's 648 Parks and Recreation FTEs are allocated to recreation services. Comparatively, the county has about 22 percent (42) of its total staffing of 190 FTEs allocated to recreation. The major reason for this difference is the existence of 17 parks and recreation special districts in the unincorporated area of the county. These special districts provide most of the community and neighborhood-oriented facilities and programs.

In addition, the city's tree service program maintains a staff of 60 FTEs to care for trees in the parks and along public streets. At the county, the latter service is provided by the Department of Public Works and, therefore, has not been included within the analysis of this service area. Care of trees in county parks is contracted, and the costs are included in the Parks and Recreation analysis.

There appears to be increasing coordination of city and county financial resources in the operation of regionally-oriented parks, and recreation and cultural facilities and programs. Both department directors emphasized areas of cooperation and support, including the following:

- Acquisition of regional bike trails
- Shared funding of the Metropolitan Arts program and the City's Division of Museum and History
- Shared funding for golf course development
- Shared operation and maintenance of the new Sacramento softball complex.

We completed a review of the growth in staffing and expenditures for the past four years, for both the city and county departments. The compounded average annual growth rates during this period were as follows:

- | | |
|-------------|----------------------------------|
| • City -- | FTEs per 1,000 population: 3.48% |
| | Expenditures per capita: 8.45% |
| • County -- | FTEs per 1,000 population: 0.92% |
| | Expenditures per capita: 4.54% |

These rates were used to develop the percentage growth rates used in our projections for the next six years, for both the Status Quo and Merged Government alternatives. The future rates of growth of expenditures per capita and FTEs per 1,000 people were estimated to be 7.74 percent and 2.90 percent, respectively. These growth rates are closer to the city rates than those of the county due to the substantially higher budget and staffing levels of the city's Parks and Community Services Department.

Merged Government Service

Given the current extent of coordinated resources, the framework and attitudes seem to be in place for an effective merger of the two services, should Sacramento voters approve a Merged Government. The major cost benefits of such a merger would be in the areas of administration, planning, and parks maintenance. Operation under a single organization structure should achieve the following cost efficiencies:

- Minimize administrative costs as a percentage of other service area costs

- More efficient and coordinated planning, acquisition, and development of parks and recreation facilities
- Coordinated scheduling of maintenance crews and specialized equipment servicing park lands and structures throughout the county.

The Merged Government alternative would not affect the services provided by special districts.

2. Current Analysis of Alternatives in FY 1987/88 Terms

If the proposed Merged Government had been fully operational throughout FY 1987/88, our estimate of efficiency gains -- expressed as differences in costs and staffing in FY 1987/88 dollars and FTEs -- is summarized in the table below.

Table 18-VI
Parks and Recreation --
FY 1987/88 Comparison of Alternatives

	FTEs	Costs (000's)		
		Personnel	Other	Total
City - Current	647.5	\$17,361	\$ 7,710	\$25,071
County - Current	189.8	4,355	2,956	7,311
Status Quo	837.3	\$21,716	\$10,666	\$32,382
Total: Merged Government	811.3	\$20,691	\$10,501	\$31,192
*Differences Attributable to Efficiency Gains	(26)	\$(1,025)	\$(165)	\$(1,190)
Adjusted Differences Attributable to Efficiency Gains if Two Service Districts are Operated	(10)	\$(476)	\$(64)	\$ (540)

These comparisons do not consider one-time implementation costs which are discussed later.

Exhibit VI-30, following this page, summarizes the staffing analysis which supports the foregoing estimates. More details on the staffing analysis are presented in Appendix B.

PARKS AND RECREATION STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TOTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	3	12.41	56	538.38	36.73	647.52
COUNTY	1	3	6	19.56	151.18	9.06	189.8
STATUS QUO	2	6	18.41	75.56	689.56	45.79	837.32
MERGED GOVERNMENT	1	3	16.41	72.56	674.56	43.79	811.32
*FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(3)	(2)	(3)	(15)	(2)	(26)

*ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(3)	(1)	(1)	(2)	(2)	(10)

The key elements of the foregoing cost estimates are outlined below.

- Salary and fringe benefit cost efficiencies were estimated using an average salary and benefit package for comparable city and county personnel classifications, as described previously in subsection A. The cost of extra pay for overtime, accumulated sick leave, holidays, vacation, and other incidentals, is estimated at five percent of total direct salaries. Special consideration was given to the extensive use of part-time parks maintenance workers who are not eligible for all fringe benefits and are lower salaried. About 25 percent of the Status Quo FTEs in this classification are part-time workers. Consequently, we assumed that 25 percent of the efficiency gain of 15 FTEs in this class would be the lower cost part-time positions.
- Efficiency savings in services, supplies, and other costs are estimated at one-half the percentage of FTEs gained times the total FY 1987/88 budget for these costs. The actual calculation was $\$5,333,275 \times .031 = \$165,332$ in FY 1987/88 dollars.

3. Projected Analysis of Alternatives

Exhibit VI-31, on the following page, summarizes the six-year projections of FTEs and costs for the Status Quo and Merged Government alternatives. Explanatory comments concerning this information are provided in the following paragraphs.

Projection Methodology

The general methodology described previously in this report section was used to project FY 1987/88 data out six years. For Parks and Recreation, we used the following compounded average annual growth rates:

- Expenditures per capita -- 7.23%.
- FTEs per 1,000 population -- 2.55%

PARKS AND RECREATION STAFFING AND EXPENDITURE (000's)

PROJECTIONS FOR MERGED GOVERNMENT

	Actual		Projected											
	FY 1987/88		FY 1988/89		FY 1989/90		FY 1990/91		FY 1991/92		FY 1992/93		FY 1993/94	
	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost
City	647.5	\$25,071	686.0	\$27,839	726.4	\$30,896	758.5	\$33,804	791.8	\$36,987	826.6	\$40,463	862.8	\$44,267
County	189.8	7,311	197.3	7,869	204.9	8,465	210.7	9,021	216.6	9,605	222.6	10,231	228.7	10,887
Status Quo	837.3	\$32,382	883.3	\$35,708	931.3	\$39,361	969.2	\$42,825	1008.4	\$46,592	1049.2	\$50,694	1091.5	\$55,154
Merged Government	837.3	32,382	883.3	35,708	931.3	39,361	969.2	42,825	992.3	45,728	1016.2	48,829	1057.4	53,131
Efficiency Gains From Merged Government	—	—	—	—	—	—	—	—	(16.1)	(\$864)	(33.0)	(\$1,865)	(34.1)	(\$2,023)

One-Time Implementation Costs	—	—	—	—	—	—	—	115	—	244	—	0	—	0
Total Costs By Fiscal Year	837.3	\$32,382	883.3	\$35,708	931.3	\$39,361	969.2	\$42,940	992.3	\$45,972	1016.2	\$48,829	1057.4	\$53,131

Implementation Assumptions

The basic timing assumptions concerning implementation of the Merged Government alternative are as described previously in this report. Other key assumptions are outlined below.

- *Attrition and Phase-In of Efficiency Gains*

Our estimate assumes that the efficiency gains will be phased in equally over an twelve-month period, beginning in July 1991. This means that 50 percent of total annual efficiency gains are realized in FY 1991/92 and 100 percent in FY 1992/93. All percentages are net of inflation adjustments.

- *Implementation Costs*

Our projection assumes a one-time implementation cost (for conversion of phones, forms, equipment, uniforms, etc.) of \$300,000 in FY 1987/88 dollars. This cost is assumed to be incurred over an 18-month timeframe, beginning in January 1991. Therefore, 33 percent of the costs are included in FY 1990/91, and 67 percent in 1991/92, net of inflation.

4. Qualitative Issues

In addition to the cost-oriented efficiencies just discussed, our analysis of the two government alternatives identified the following non-fiscal differences associated with the Merged Government structure for Parks and Recreation:

- Our estimate of administrative FTEs as a percent of all Parks and Recreation FTEs is reduced from 5.9 percent under the current system, to 5.2 percent under the Merged Government structure.
- Our estimate of the ratio of administrative FTEs to all other FTEs is increased from 1:16.05 to 1:18.26 under the Merged Government alternative. This ratio change and the preceding percentage change indicate that proportionately more of the Parks and Recreation dollar should be available for direct public service as opposed to departmental administration. In actuality, these changes should be somewhat greater than indicated here because they do not include the benefits of merging major service area divisions which have another, albeit necessary, administrative layer (e.g., the "parks" divisions or the "recreation" divisions).

- One set of coordinated long-range acquisition and development plans would be prepared by the new merged department for review and approval by the Metro Board.
- The greater financial capacity of the new entity should enhance acquisition and development strategies and timeliness.

R. LIBRARY

1. Description of Service Area

The Library service area encompasses both the city and county libraries. These services include:

- *Library materials in a variety of formats for all ages and reading abilities*
- *Inter-library loan services, and reference and information services*
- *Special programs for adults and children, such as the Literacy, Minority Services, and Storytime programs*
- *Bookmobile services for the elderly and institutionalized, as well as for the outlying areas*
- *Reading/study areas for patrons as well as meeting rooms which are available to the public.*

The library system consists of (1) a central library, a regional library, a community library, 5 neighborhood libraries, and a bookmobile funded by the city; (2) a regional library, 6 community libraries, 9 neighborhood libraries, and a bookmobile funded by the county; and (3) an administration center, funded by both city and county, which handles management, personnel, fiscal, and book processing functions for all libraries.

Current and Status Quo Services

City and county library services are somewhat unique in that they are substantially consolidated already. A single administrative unit, established by an agreement between the city and county in 1966, operates two separately-funded library systems.

The central administrative unit is staffed with both city and county employees, under the management of a single Library Director. County funds are used to operate libraries in the unincorporated areas, and funds from the city support libraries within the city limits.

Despite the fact that library funding comes from two jurisdictions, the city and county have entered into cooperative agreements which have consolidated services further. For example, when the library installed an automated circulation system, the city provided funds for the entire purchase and the county reimbursed the city for its portion of the cost. On the other hand, the county handles the purchase of all library books and the city reimburses for those materials placed in city branches. The county also does personnel recruitment and testing for all staff positions, although the city Personnel Department establishes independent eligible lists for city positions. All library vehicle costs are borne by the county and reimbursed for the city share.

In FY 1987-88, the city spent \$14.40 per capita on library services. In the same fiscal year, the county expended \$12.17 per capita. The difference in per capita expenditures was at least as large during the prior four fiscal years. Also, in FY 1987/88 city library personnel per 1,000 people was .35 compared to .18 in the county. This difference also was similar in prior years.

Growth rates in staffing and expenditures were calculated for the past four years for both the city and county library services. The compounded average annual growth rates during this period were as follows:

- City -- FTEs per 1,000 population: 0.84%
Expenditures per capita: 4.62%
- County -- FTEs per 1,000 population: (1.58)%
Expenditures per capita: 8.97%.

The city FTE and expenditure rates and the county expenditure rate were used to develop projected growth rates for the next six years for both the Status Quo and Merged Government alternatives. In the case of the county FTE rate, however, the growth rate actually used was zero (e.g., no per capita growth). This was done based on the assumption that, in reality, county FTEs in total probably will not decline over the next six years, although they could decline in a given year.

In addition to the above growth rates, another factor included in our projections is the substantial increase in personnel and operating expenditures which will be required when the new central library opens. This issue is discussed in more detail later in subsection 3.

Merged Government Service

Given the current level of consolidation and the desire of library management for full consolidation, a fully consolidated library system would be relatively easy to accomplish, as it already operates as a single administrative unit. Efficiency gains would be realized in the elimination of duplicate efforts for preparing two budgets; maintaining two sets of

accounting records; preparing two payrolls; working with two sets of departments for personnel, purchasing, and facilities maintenance; and operating under two governing bodies. In terms of staffing, however, efficiency gains would be minimal, as many centralized operations have long been merged already.

2. Current Analysis of Alternatives in FY 1987/88 Terms

If the proposed Merged Government had been fully operational throughout FY 1987/88, our estimate of efficiency gains -- expressed as differences in costs and staffing in FY 1987/88 dollars and FTEs -- is summarized in Table 19-VI below.

Table 19-VI
Library
FY 1987/88 Comparison of Alternatives

	<u>FTEs</u>	<u>Costs (000's)</u>		
		<u>Personnel</u>	<u>Other</u>	<u>Total</u>
City - Current	115.9	\$3,326	\$ 1,493	\$ 4,819
County - Current	<u>103</u>	<u>3,025</u>	<u>4,138</u>	<u>7,163</u>
Status Quo	218.9	\$6,351	\$ 5,631	\$11,982
Total: Merged Government	<u>216.9</u>	<u>\$6,276</u>	<u>\$ 5,619</u>	<u>\$11,895</u>
Differences Attributable to Efficiency Gains	(2)	\$ (75)	\$ (12)	\$ (87)

These comparisons do not consider one-time implementation costs which are discussed later.

Exhibit VI-32, following this page, summarizes the staffing analysis which supports the foregoing estimates. More details on the staffing analysis are presented in Appendix B.

LIBRARY SERVICES STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TOTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	2	3	8	98.9	3	115.9
COUNTY	0	0	2	10	88	3	103
STATUS QUO	1	2	5	18	186.9	6	218.9
MERGED GOVERNMENT	1	2	5	18	184.9	6	216.9
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	0	(2)	0	(2)

The key elements of the foregoing cost estimates are outlined below:

- Salary and fringe benefit cost efficiencies were estimated using an average salary and benefit package for comparable city and county personnel classifications, as described previously in subsection A.
- Efficiency savings in services, supplies, and other costs are estimated at \$6,000 per FTE gained. The actual calculation was $\$6,000 \times 2 = \$12,000$ in FY 1987/88 dollars.

3. Projected Analysis of Alternatives

Exhibit VI-33, on the following page, summarizes the six-year projections of FTEs and costs for the Status Quo and Merged Government alternatives. Explanatory comments concerning this information are provided in the following paragraphs.

Projection Methodology

The general methodology described previously in this report section was used to project FY 1987/88 data out six years. For the Library service area, we used the following compounded average annual growth rates:

- Expenditures per capita -- 7.34%
- FTEs per 1,000 population -- 0.29%.

New Central Library

According to library administrators, the new library is scheduled to open during FY 1991/92. It is estimated that an additional 104 full-time equivalents will be needed at this time. No cost figures were provided. But considering that the existing central library's operating budget was approximately \$950,000 in FY 1987/88, and that the new central library will be roughly five times as large, the additional operating expenditures associated with the new library may be in the range of \$3.5 - \$4 million. These additional FTEs and expenditures were added to both the Status Quo and Merged Government projections beginning in FY 1991/92.

LIBRARY SERVICES STAFFING AND EXPENDITURE (000's)
PROJECTIONS FOR MERGED GOVERNMENT

	Actual		Projected											
	FY 1987/88		FY 1988/89		FY 1989/90		FY 1990/91		FY 1991/92		FY 1992/93		FY 1993/94	
	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost
City	116	\$4,819	121	\$5,231	127	\$5,673	130	\$6,016	225	\$10,508	228	\$11,097	231	\$11,720
County	103	7,163	106	8,038	109	9,014	111	10,013	124	11,604	126	12,848	129	14,226
Status Quo	219	\$11,982	227	\$13,269	236	\$14,687	241	\$16,029	349	\$22,112	354	\$23,945	360	\$25,945
Merged Government	219	11,982	227	13,269	236	14,687	231	15,975	329	21,996	333	23,811	336	25,770
Efficiency Gains From Merged Government	—	—	—	—	—	—	(10)	(\$54)	(20)	(\$116)	(21)	(\$134)	(24)	(\$175)
<hr/>														
One-Time Implementation Costs	—	—	—	—	—	—	—	12	—	0	—	0	—	0
Total Costs By Fiscal Year	219	\$11,982	227	\$13,269	236	\$14,687	231	\$15,987	329	\$21,996	333	\$23,811	336	\$25,770

Under the Status Quo projections, the additional operating costs were allocated to city and county budgets based on the additional city and county FTEs as percentages of total additional FTEs. The city and county percentages were multiplied by the total additional operating cost to arrive at the city and county shares of that cost. In terms of staffing, 93 city and 11 county FTEs were added to the projected FTE totals for the fiscal years 1991/92, 1992/93, and 1993/94.

Implementation Assumptions

The basic timing assumptions concerning implementation of the Merged Government alternative are as described previously in this report. Other key assumptions are outlined below.

- *Attrition and Phase-In of Efficiency Gains*

Our estimate assumes that the efficiency gains will be phased in equally over a twelve-month period, beginning in January 1991. This means that 50 percent of total annual efficiency gains are realized in FY 1990/91 and 100 percent in FY 1991/92.

- *Implementation Costs*

Our projection assumes a minimal one-time implementation cost of \$10,000 in FY 1987/88 dollars. This cost is assumed to be incurred over a six-month timeframe, beginning in January 1991. Therefore, 100 percent of the costs are included in FY 1990/91.

4. Qualitative Issues

In addition to the cost-oriented efficiencies just discussed, we believe that a significant non-fiscal difference between the Status Quo and Merged Government structures for library services would exist in the area of work responsibilities. As previously stated, administrative staff currently perform many duplicate tasks in working under both city and county budget and personnel systems, as well as with both purchasing and facilities maintenance departments. Under full consolidation, the frustrations of having to deal with two sets of administrative policies and procedures would be eliminated.

The city-county merger also would allow gains toward an equitable spread of library service throughout the city and county which would be considerable in terms of budgeting, planning, and staffing. With a single funding source based on a fixed share of the tax base, library management could arrange books, staff, and services to appropriately meet the needs and demands of the public in all geographic areas.

S. RETIREMENT

There are two major retirement cost issues to be considered in the creation of a Metropolitan Government, as discussed below.

- (1) What retirement plan structure will be provided to employees of the metropolitan government, and what are the attendant costs?

The City of Sacramento and Sacramento County currently provide retirement benefits to their employees through separate retirement systems. It is our assumption that new employees entering the Metropolitan Government service will be covered by a unified system; however, decisions relative to the selection of a retirement system will be determined only through the meet and confer process. Negotiations regarding the retirement system will be part of negotiations determining total employee compensation.

- (2) What is the cost impact of providing additional service credits to employees eligible to retire in exchange for an accelerated retirement?

The practice of extending additional service credit to eligible retirement plan members in exchange for accelerated retirement is commonly referred to as the "golden handshake." The Metropolitan Government may want to consider implementing a golden handshake program to enhance the benefits of normal attrition.

This report section provides an analysis of both cost issues. It should be noted that actual retirement costs are determined by actuarial studies, and such studies will need to be conducted in the future. However, the purpose of this analysis is to identify the cost factors and to provide a range of estimated cost impacts based upon available information.

1. Cost Analysis of Alternative Retirement Plan Options

It is likely one of three alternatives will emerge from the meet and confer process as described below:

- A. All new employees will become members of the County's current retirement plan, the Sacramento County Employees Retirement System (S.C.E.R.S.)
- B. All new employees will become members of the City's Public Employee Retirement System (P.E.R.S..)
- C. A new plan will be selected for all new employees of the Merged Government.

For cost analysis purposes, only alternatives A and B can be considered because the parameters of option C are unknown. In analyzing the cost implications of the two options, the following general assumptions were used:

- Current employees of the City of Sacramento and Sacramento County will remain in their respective retirement plans upon merger, and one of these plans will be closed to any new employees
- Existing retirement plans will not be merged
- Plan benefits currently provided under P.E.R.S.. and S.C.E.R.S. will remain constant
- New employees will have the same average age as new employees of the city and county when they enter government service. If the average age changes demonstrably, the employer contributions of either plan also would change.

Exhibit VI-34, following this page, presents a summary of the S.C.E.R.S. and P.E.R.S. current benefit structure, categories of employees covered under each plan, and the current employer and employee contribution rates. It should be noted that FY 1988/89 employer contribution rates had to be used for the city's system because substantial fluctuations and overpayments in past years reduced the city's FY 1987/88 payments to almost nothing. FY 1988/89 rates, therefore, were used for the county as well.

Features of Current Sacramento City and County Retirement Plans

MAJOR BENEFIT FEATURES	CITY - P.E.R.S. ^(a)		COUNTY - S.C.E.R.S. ^(b)	
	Miscellaneous Employees	Safety Employees	Miscellaneous Employees	Safety Employees
Service Retirement Benefit Eligibility Disability Retirement Benefit Eligibility <ul style="list-style-type: none"> • Non-service connected • Service connected Annual COLA Adjustment	<ul style="list-style-type: none"> • 5 years of service, age 50 <ul style="list-style-type: none"> • Eligible if 5 years of service • Eligible regardless of length of service 2%	<ul style="list-style-type: none"> • 5 years of service, age 50 <ul style="list-style-type: none"> • Eligible if 5 years of service • Eligible regardless of length of service 2%	<ul style="list-style-type: none"> • 10 years of service, age 50 • 30 years of service, regardless of age <ul style="list-style-type: none"> • Eligible if 5 years of service • Eligible regardless of length of service None	<ul style="list-style-type: none"> • 10 years of service, age 50 • 20 years of service, regardless of age <ul style="list-style-type: none"> • Eligible if 5 years of service • Eligible regardless of length of service Maximum of 4%
Basis for Determining Retirement Benefits (expressed as final average salary)	Highest three years	Highest three years	Highest three years	Highest year
Employer Contribution Rate as a % of Payroll (FY 1988/89)	5.913	14.295	9.63	21.47
Employee Contribution Rate as a % of Salary (FY 1988/89)	7	9	2.41	4.37

(a) The City is a Public Employment Retirement System contracting agency.

(b) The County's plan is governed by the County Retirement Law of 1937.

(c) The County's S.C.E.R.S. Miscellaneous Tier 1 is not included because it is a closed system.

There are two primary cost issues germane to the analysis of providing a retirement plan for new employees of the Merged Government:

- What is the cost impact of closing one of the two existing retirement systems to new members?
- What is the cost differential between continuing S.C.E.R.S. or P.E.R.S.. under a Merged Government (assuming a third plan is not selected for new employees).

Both of these issues are discussed in the following two subsections.

Impact of Closing Entry Into an Existing Retirement System

Under the assumptions of this analysis, either S.C.E.R.S. or P.E.R.S.. would become a closed retirement system. A closed retirement system includes only active or retired members as of a specific date in time, and does not permit the entry of new members. An actuary would need to consider numerous variables in analyzing the cost implications of closing either of the two current retirement systems. The two primary variables are the impact of a declining payroll base over time, and the impact of members leaving the system before retirement. Informal conversation with S.C.E.R.S. and P.E.R.S.. actuaries suggest that, in theory, the cost impact in the short-term should be minimal. However, an actuarial study needs to be performed to develop conclusive fundings. It is estimated that such a study would cost in the \$10,000 to \$15,000 range. For purposes of this analysis, the cost of the actuarial study is the only cost impact recognized.

Impact of Maintaining Either of the Two Current Retirement Systems

As displayed in Exhibit VI-34, S.C.E.R.S. and P.E.R.S. have different employer contribution rates. In analyzing the effect of the different employer contribution rates under a Merged Government, the following assumptions were used.

- Table 20-VI, on the next page, shows the approximate number of FTEs employed by the city and county in FY 1987/88

Table 20-VI
FY 1987/88 City and County FTEs

	<u>City</u>	<u>County</u>
Safety Employees	1,018 ^{a/}	891
Miscellaneous Employees	<u>2,693</u>	<u>6,997</u>
Total Employees	<u>3,711</u>	<u>7,888</u>

a/ Includes 446 fire safety personnel

- Annual average attrition rates experienced by the city have been in the range of 5 to 6.5 percent. The county could not provide this type of information so we assumed its attrition rates were the same as the city. For purposes of our analysis, we used 6.3 percent annual attrition for safety employees and 5 percent for all others.
- Attrition -- and the consequent replacement hiring -- occurs throughout the year so that, on average, during the first year of the Merged Government the equivalent of only 50 percent of the new employees will be in the selected retirement plan for the full year. It is not until the second year that all employees hired the first year will be in the selected plan for a full year.
- Annual average salaries for new employees (in FY 1987/88 dollars) were assumed to be \$27,000 for safety personnel and \$23,000 for miscellaneous employees.

Our analysis considers three scenarios:

- (1) Status Quo: continuation of P.E.R.S. for city employees and S.C.E.R.S. for county employees.
- (2) Merged Government: all new employees entering into P.E.R.S..
- (3) Merged Government: all new employees entering into S.C.E.R.S.

Exhibit VI-35, on the next page, shows the total estimated costs (in FY 1987/88 dollars) of the three scenarios for the first year of the Metro Government plan. These costs differences will double in year two for all employees hired the first year, plus inflationary increases and half the full-year costs of all persons hired in year two. Given these assumptions, the range of cost savings or increases over the first five years of the new city-county government are summarized in Table 21-VI, following Exhibit VI-35.

Comparison of First-Year Employer Retirement Costs for New Employees

	COST UNDER STATUS QUO SCENARIO (1)		COST UNDER MERGED GOVERNMENT	
			SCENARIO (2)	SCENARIO (3)
	P.E.R.S.	S.C.E.R.S.	If P.E.R.S.	If S.C.E.R.S.
Number of New Employees				
Miscellaneous	67	175	242	242
Safety	32	28	60	60
Annual Payroll for New Employees				
Miscellaneous	\$1,541,000	\$4,025,000	\$5,566,000	\$5,566,000
Safety	\$ 864,000	\$ 756,000	\$1,620,000	\$1,620,000
Employer Contribution Rate (% of Payroll)				
Miscellaneous	5.913	9.63 ^(a)	5.913	9.63 ^(a)
Safety	14.295	21.47	14.295	21.47
Cost of Employer Contribution				
Miscellaneous	\$ 91,119	\$ 387,608	\$ 329,118	\$ 536,006
Safety	\$ 123,509	\$ 162,313	\$ 231,579	\$ 347,814
Total of Employer Contribution per System	\$ 214,628	\$ 549,921	\$ 560,697	\$ 883,820
Total Cost for Combined Systems	\$764,549		NA	NA
Cost Difference from Status Quo	NA		\$ (203,852)	\$ 119,271

(a) Only Tier 2 is included because Tier 1 is a closed system.

Table 21-VI
Retirement Plan Cost Differences from Status Quo
(FY 1987/88 Dollars, in 000's)^{a/}

<u>Year</u>	<u>Selected Plan</u>		
	<u>City</u> <u>P.E.R.S..</u>	<u>County</u> <u>S.C.E.R.S.</u>	<u>Midpoint</u> <u>Difference</u>
1	\$ (204)	\$ 119	\$ (43)
2	(306)	179	(64)
3	(510)	298	(106)
4	(714)	417	(149)
5	(918)	536	(191)
Cumulative Total	<u>\$(2,652)</u>	<u>\$1,549</u>	<u>\$(553)</u>

a/ The figures assume inflation and discount value offset one another and that the cost differences are representative of FY 1987/88 dollars.

Because we do not know what the meet and confer process will produce insofar as retirement plans are concerned, we believe it is best to adopt a middle-of-the-road cost estimate. This means that if the Merged Government had been implemented in FY 1987/88, an estimated \$43,000 in first-year savings might have been achieved. These savings would grow each succeeding year under the assumed mid-point cost of the retirement plan selected for new employees. However, as pointed out earlier, employer contribution rates fluctuate from year-to-year based upon the latest actuarial advice. Cost savings or increases in any one year may or may not be representative of long-term results.

2. Cost Analysis of Providing Additional Service Credit to Eligible Retirement Plan Members

Three retirement plans must be considered when analyzing the cost impacts of implementing a golden handshake program in connection with the formation of a Metropolitan Government. The three plans are:

- P.E.R.S. (city)
- S.C.E.R.S. (county)
- S.C.E.R.S. (city's closed system).

Golden handshake programs may be structured in a variety of ways, and they must comply with the language contained in the respective retirement plans. Sections 31641.04 and 20818 of the Government Code provide for a "golden handshake program" for the county's S.C.E.R.S. and city's P.E.R.S.. plans, respectively. Enabling language does not currently exist for a golden handshake under the city's S.C.E.R.S. plan; it is assumed that language could be adopted that would extend this provision to city S.C.E.R.S. members as well.

The elements of a Metropolitan Government golden handshake program have not been defined. However, based on discussions to date and the provisions of applicable laws, it is assumed that the program would have the following features:

- Limited to higher level management classifications in specific departments. We believe that middle management and lower classifications can work out of classification easier, will turnover normally at a higher rate, and will increase in numbers at a higher rate. Also, the golden handshake would not be needed for current countywide services (e.g., health, welfare, probation, etc.), nor would it be required for the city Fire Department
- Limited to employees eligible to retire before the additional service credit is started
- Provision of up to two years of additional service credit
- Retirement to occur within a 90 to 180 day period from the program start date.

An actuarial study is required to determine the employer's cost for each employee accepting a golden handshake. This study will determine the amount of the employer contribution necessary to fund the retirement plan's additional anticipated liability. In technical terms, the actuary would calculate the present value of future benefits anticipated to be paid to the employee taking early

retirement. The costs of providing an actuarial study for all three plans is estimated to be in the range of \$12,000 - \$15,000.

In developing a cost estimate for a golden handshake program, we used the following information:

- The potential need to vacate up to 47 of 132 positions categorized as "department director" and "assistant or division leader". These are the highest ranking classifications in the departments affected directly by the merger. Another 139 positions were categorized as "other management/senior position", with a potential need to vacate 25 of these positions upon a merger.
- Information provided by city and county retirement personnel indicate about 36 percent of the current employees classified as "management" are eligible to retire currently. We assume this percentage remains generally stable over time. However, the "management" definition used by the city and county extends to a much larger number of classifications (887 total employees) than we used in our definition (271 total employees, or only 132 if limited to the highest category level). Consequently, we expect that the eligibility percentage of all employees in the higher paid, more senior classes would be greater than 36 percent -- perhaps over 50 percent.
- We surveyed four other California counties that had implemented golden handshake programs in the 1980s. The results of that survey are provided in Table 22-VI.

Table 22-VI
Survey of Other County-Level
Golden Handshake Programs

<u>Survey Item</u>	<u>Counties</u>			
	<u>Contra Costa</u>	<u>San Bernardino</u>	<u>Ventura</u>	<u>Alameda</u>
Year	1989	1983	1987	1989
Classes Eligible	Social Service Workers	All	Social Service Workers	All
Number Eligible	25	212	25	1,200
Number Participating	14	88	4	450
Percent Participating	52%	42%	16%	38%
Average Cost Per Employee Participating (000's)	\$50-70	\$21.5	\$25-30	N/A

Based upon the above information we developed the assumptions, calculations, and cost estimates shown in **Exhibit VI-36**, on the next page. These estimates are very rough at this point because of the lack of actuarial study. Also, these are gross costs, not net costs. The offsetting savings in salary and benefit expenditures are included within each of the service area analysis in this report section. We would expect the first year net savings to approximate 40 percent or more of the costs shown in the exhibit. This assumes that the participants are all senior, higher paid personnel whose salary and fringe benefit costs equal at least 40 percent more than the "Average Cost Per Participant" we have estimated.

Overall, if a golden handshake program is used by the Merged Government, we believe \$1.6 million is a reasonable cost estimate if the program is restricted to senior classifications in selected departments. This cost is about mid-point between the two estimates we developed.

**ESTIMATED COSTS OF A
GOLDEN HANDSHAKE PROGRAM
(FY 1987/88 Dollars)**

	<u>Low Estimate</u> ^(a)	<u>High Estimate</u> ^(b)
Total Positions	132	271
Percent Eligible	50%	40%
Number Eligible	66	108
Percent Participating	40%	40%
Number Participating	26	43
Average Cost Per Participant	\$50,000	\$45,000
Total Estimated Cost	\$1,300,000	\$1,935,000

(a) Limited to "department director" and "assistant or division leader" categories used in this study.

(b) Includes (a) and the "other management/senior position" category.

3. Summary of Costs

In summary, retirement-related cost estimates are as follows:

<u>Item</u>	<u>Cost</u>
• Closing of One of the Two Open Retirement Systems	Unknown; Requires Actuarial Study at \$15,000
• Maintaining One of the Two Open Retirement Systems	\$553,000 Savings Over Five Years (see Table 21-VI)
• Golden Handshake Program	\$1,600,000 Plus Actuarial Study at \$15,000.

T. SALARY AND BENEFIT COSTS

1. Issues and Potential Alternative Scenarios

The direct salaries and fringe benefits paid by the city and county to non-exempt employees are subject to the state's meet and confer statutes. There are about 13 employee bargaining units in the city and 24 in the county (some units represent employees in both jurisdictions). If a merger of city and county governments occurs, there would be a process of employee selection of the new or surviving bargaining units, and then negotiations with management would occur regarding new memoranda of understanding (MOUs). For purposes of this report, we have assumed that actual MOUs concerning pay and benefits would not be negotiated and finalized until after the new mayor and Metro Board are in place. In the interim, a status quo situation would prevail. That is, new agreements would be negotiated where necessary by the City Council or the Board of Supervisors, just as they are now. During this period and after the new group of elected officials are established, the Charter will provide that no current employee will suffer a decrease in compensation.

Currently, employer pay and benefit costs vary between the city and county for the same or substantially similar position classification. Under a Merged Government, any resolution of these differences can occur only through the meet and confer process. This process could result in a wide variety of conclusions with cost differences varying from no additional costs from the Status Quo, to millions of dollars of new costs. At this point it is impossible to predict the negotiation outcomes but some potential alternatives are summarized below.

- (1) All current employees could be maintained in their existing wage structure with new employees brought in at some level within the range of the two existing classes (i.e., no less or no more than current employees). Over an extended period of time, all employees could be transitioned into a single pay structure. Certain benefit differences might be equalized sooner for ease of administration (e.g., holidays).

- (2) All higher compensated classifications could be frozen at their levels until lower compensated classes reach the higher levels. Then all employees in each affected class would proceed equally.
- (3) City or county classifications with lower total compensation could be adjusted upward to equal the total compensation of the higher class. This alternative is similar to (2) above except that it would occur within a much shorter period of time.
- (4) The highest salary and the highest fringe benefit costs could become the standard within each classification, with the lower paid class in each category being increased to the higher level.

The foregoing alternatives are not exclusive of one another nor do they represent a comprehensive list. They are intended to demonstrate the diversity of potential outcomes in generally increasing costs, i.e., (1) is the least cost, or potentially no cost difference from Status Quo, and (4) is easily the highest cost. In addition, there are several other issues related to these alternatives which warrant explanation here.

Distribution of Total Compensation Differences

The previously described alternatives (2) and (3) employ the concept of "total compensation", i.e., the employer's total expenditure for direct salaries and fringe benefits. In estimating cost differences associated with total compensation, we can only identify a dollar amount. We cannot reasonably determine how that total amount should be distributed between salary and benefits, or among specific benefits. This latter process can only occur through negotiation.

Equalization of Total Compensation Differences vs. Equalization of Salaries

Equalization of *total compensation* differences will not necessarily result in equalized *salaries*, assuming employees do not voluntarily accept a salary reduction accompanied by an offsetting increase in fringe benefit costs. This statement is illustrated by the following example for one classification:

<u>Annual Costs</u>	<u>City</u>	<u>County</u>	<u>Differences to County</u>
Salary	\$25,000	\$23,500	\$(1,500)
Benefits	<u>7,500</u>	<u>8,000</u>	<u>500</u>
Total	<u>\$32,500</u>	<u>\$31,500</u>	<u>\$(1,000)</u>

In the foregoing example, if all \$1,000 is added to the salary for the county classification, the two salaries still would not be equal. The only way the salary and benefit costs can be equalized fully is to reduce either the salary or benefit cost of the city class, and increase the other cost an equivalent amount.

We also note here that if individualized (by classification) adjustments are made to equalize salary and benefit costs, the process could substantially alter the existing pay relationships among all affected classifications.

Potentially Unaffected County-Only Classifications

Conceptually, there are a substantial number of specialized classifications used by the county which are not affected directly by this equalization issue. Examples include probation officers, welfare specialists, health and mental health classes, etc. There are no comparable city classes and, in theory, there is no direct inequality that a merger would produce for these employees. In practice, however, some unknown effect may occur because these county-only classes are part of an overall classification and pay plan. Adjustments to salaries in some parts of that plan (e.g., deputy sheriffs) may cause pay relationships with county-only classes to narrow or widen (e.g., with probation officers).

At this time it is impossible to define all of the potential inter-classification pay relationships and estimated effects on county-only classes. For purposes of this report, we have assumed no-cost increases related to county-only classes. We estimate that roughly 2,427 county FTEs were assigned to these classes in FY 1987/88.

Classification and Salary Study

After the merger is accomplished, there will be a need for a comprehensive job analysis and development of a new classification and salary plan. This cannot be done until the new organization structures are in place and jobs are redefined if necessary. The one-time cost of such a study in FY 1987/88 dollars is estimated at \$200,000.

Because of the uncertainties regarding what would emerge from labor-management negotiations, we have not attempted to estimate costs for all possibilities. The range of cost differences probably runs from nothing to more than \$10 million a year. However, in order to provide the Commission with a point of reference we developed an estimate of costs for previously described alternative (3), which probably represents something of a mid-point in the cost range. The results of this analysis are presented in the next subsection.

2. Equalization Based Upon Total Compensation Costs

This alternative uses the total employer cost of direct salary and all fringe benefits *except workers compensation* to determine which of two comparable classifications -- the city's or the county's -- is the highest compensated. Then the *net* cost of increasing the lower class to the higher level becomes the cost difference estimated to equalize salaries and benefits. More details on assumptions and the approach used in this analysis are summarized in the following paragraphs.

- Workers compensation costs were excluded because, generally, the cost of these benefits are not negotiated in the traditional sense. These costs are predicated upon disability payment experience over time, by classification.
- We selected 31 benchmark classifications which appear to have substantial similarity between the city and county. The classifications we selected and the number of FTEs allocated to each in FY 1987/88 are summarized in **Exhibit VI-37**, on the following page.
- The mid-point salary was calculated for each class in each jurisdiction, as were the costs of their respective fringe benefits. All calculations used FY 1987/88 data. The total compensation of the paired classifications then were compared to determine the cost difference to the county if total comp was equalized. The county was selected as the comparison point to establish a consistent standard (plus or minus differences). The results of this process are shown in **Exhibit VI-38**, following **Exhibit VI-37**.

BENCHMARK CLASSIFICATIONS

Classification	FTEs in FY 1987/88		
	City	County	Total
Account Clerk II	29	125	154
Accounting Technician	6	22	28
Administrative Assistant/Administrative Analyst I & II	33	20	53
Administrative Services Officer II	5	43	48
Animal Control Officer	11	18	29
Associate Engineer	18	15	33
Associate Planner	15	17	32
Building Inspector I & II	28	70	98
Cashier	10	9	19
Dispatcher II/Sheriff's Communication Dispatcher	53	24	77
Equipment Mechanic II	28	36	64
Equipment Operator/Transfer Equipment Operator	50	16	66
Library Assistant I	66	43	109
Office Supervisor/Clerical Supervisor	9	33	42
Park Maintenance Worker I	72	38	110
Park Maintenance Worker II	65	20	85
Parking Lot Attendant	77	3	80
Police Clerk-II/Sheriff's Record Clerk II	80	37	117
Police Officer/Sheriff's Deputy	461	727	1,188
Police Sergeant/Sheriff's Sergeant	65	98	163
Recreation Supervisor II	15	4	19
Sanitation Worker/Sanitation Crew Worker I	66	16	82
Sanitation Worker/Sanitation Crew Worker II	63	26	89
Senior Engineer	12	25	37
Senior Maintenance Worker/Senior Highway Maintenance Worker	23	35	58
Senior Management Analyst/Senior Administrative Analyst	5	13	18
Senior Planner	6	6	12
Typist Clerk II	81	439	520
Typist Clerk III	39	232	271
Water & Sewer Lead Worker/Mechanical Repair Technician	50	23	73
Water & Sewer Service Worker/Assistant Mechanical Repair Technician	66	17	83
Total	<u>1,607</u>	<u>2,250</u>	<u>3,857</u>

SALARY AND FRINGE BENEFIT CALCULATIONS

Classification	Salary		Fringe Benefits		Total Salary & Fringe Benefits		Difference to County
	City	County	City	County	City	County	
Account Clerk II	\$20,880	\$20,712	\$4,715	\$4,114	\$25,595	\$24,826	(\$769)
Accounting Technician	22,176	25,140	4,791	4,534	26,967	29,674	2,707
Administrative Assistant I & II/Associate							
Administrative Analyst I & II	29,388	28,836	5,686	4,814	35,074	33,650	(1,424)
Administrative Services Officer II	37,128	40,260	8,012	6,456	45,140	46,716	1,576
Animal Control Officer	20,880	20,628	4,715	4,165	25,595	24,793	(802)
Associate Engineer	41,772	40,152	5,962	5,858	47,734	46,010	(1,724)
Associate Planner	33,600	34,812	5,467	5,461	39,067	40,273	1,206
Building Inspector I & II	30,996	28,836	5,313	4,982	36,309	33,818	(2,491)
Cashier	18,108	17,520	4,551	3,768	22,659	21,288	(1,371)
Dispatcher II/Sheriff's Communication Dispatcher	23,136	24,300	4,848	5,283	27,984	29,583	1,599
Equipment Mechanic II	27,480	28,080	5,105	4,972	32,585	33,052	467
Equipment Operator/Transfer Equipment Operator	23,136	24,948	4,848	4,633	27,984	29,581	1,597
Library Assistant I	18,108	17,184	4,551	3,732	22,659	20,916	(1,743)
Office Supervisor/Clerical Supervisor	22,896	24,516	4,834	4,466	27,730	28,982	1,252
Park Maintenance Worker I	20,112	20,628	4,669	4,165	24,781	24,793	12
Park Maintenance Worker II	21,648	22,464	4,762	4,364	26,410	26,828	418
Parking Lot Attendant	18,828	18,936	4,593	3,982	23,421	22,918	(503)
Police Clerk II/Sheriff's Record Clerk II	17,184	17,184	4,551	3,732	21,735	20,916	(819)
Police Officer/Sheriff's Deputy	28,356	28,836	11,885	13,389	40,241	42,225	1,984
Police Sergeant/Sheriff's Sergeant	33,084	33,408	15,055	16,598	48,139	50,006	1,867
Recreation Supervisor II	29,100	28,440	5,201	4,891	34,301	33,331	(970)
Sanitation Worker I/Sanitation Crew Worker I	20,880	21,108	4,715	4,217	25,595	25,325	(270)
Sanitation Worker II/Sanitation Crew Worker II	22,644	23,052	4,819	4,428	27,463	27,480	17
Senior Engineer	44,388	45,480	8,804	7,021	53,192	52,501	(691)
Senior Maintenance Worker/Senior Highway							
Maintenance Worker	21,684	23,052	4,762	4,428	26,446	27,480	1,034
Senior Management Analyst/Senior							
Administrative Analyst	42,108	43,332	8,555	6,789	50,663	50,121	(542)
Senior Planner	40,140	39,252	8,340	6,347	48,480	45,599	(2,881)
Typist Clerk II	18,108	16,668	4,551	3,676	22,659	20,344	(2,315)
Typist Clerk III	20,112	19,464	4,669	3,979	24,781	23,443	(1,338)
Water & Sewer Lead Worker/Mechanical							
Repair Technician	26,760	27,348	5,086	4,773	31,846	32,121	275
Water & Sewer Service Worker/Assistant							
Mechanical Repair Technician	24,312	24,912	4,942	4,509	29,254	29,421	167

- Cost differences by classification then were weighted by the number of FTEs employed in each class. These weighted differences were summed and calculated as a percentage of the total city-county compensation for the benchmark classes and FTEs. This process excluded the typist clerk II class because its cost difference was substantially disproportionate to other classes (32% of the total cost) so that it was skewing the results considerably. (The actual cost difference for this class is added back into our calculation subsequently.)
- The above benchmark adjustment percentage then was applied to an estimated total city-county payroll, excluding the above typist clerks, city Fire Department personnel, and 2,427 FTEs in county-only classes. The typist clerk equalizing cost then was added to obtain a total estimated cost to equalize total compensation under this alternative.

The process just described is summarized in **Exhibit VI-39**, following this page. The result is an annual estimated cost of \$5,824,170 in FY 1987/88 dollars. This cost is included in our estimated FY 1987/88 fiscal impact summary and, after adjusting for inflation, is included in our projections of FY 1993/94 costs. However, we emphasize that inclusion of these estimates in our summaries does not:

- Infer that we recommend this particular approach to resolving differences in salary and benefit costs
- Infer that we believe the estimate of equalization costs we developed for this approach will, in fact, be required
- Infer that the cost differences we calculated are actual and specific; instead, they are generalized and representative based upon the sample classifications we used.

There are numerous potential outcomes related to this issue and no clear, probable option can be determined at this time.

**ESTIMATING ASSUMPTIONS AND CALCULATIONS
FOR ONE SALARY AND BENEFITS EQUALIZATION ALTERNATIVE
(FY 1987/88 Dollars)**

Concept: Estimate Costs to Equalize the Total Compensation (Salary and Benefits) of Classifications Affected Directly by the City-County Merger.

Approach:

1. Select benchmark classifications and determine total weighted difference in salary and benefit costs \$3,197,328
 - 31 classifications concerning 1,607 city FTEs and 2,250 county FTEs.
 - The resulting number represents the amount county and city classes would have to be increased to equal one another, on average.
2. Deduct cost of equalizing typist clerk II class because it is an extraordinary item that skews the results (to be added back later). \$(1,016,285)
3. Calculate resulting total difference as a percentage of total compensation for the remaining benchmark classes.
 - $\$2,181,043 \div \$113,896,722 =$ 1.91%
4. Estimate total city-county FTEs and compensation affected directly by the merger:

	<u>FTEs</u>	<u>Compensation</u>
• City Total FTEs	3,711	\$113,066,361
Less Fire	<u>(470)</u>	<u>(19,977,610)</u>
Less Typist Clerk II	<u>(81)</u>	<u>(1,835,379)</u>
Subtotal: City	3,160	\$ 91,253,372
• County Total FTEs	7,888	\$260,614,453
Less Countywide Not Affected	<u>(2,427)</u>	<u>(91,215,059)</u>
Less Typist Clerk II	<u>(439)</u>	<u>(8,931,016)</u>
Subtotal: County	5,022	\$160,468,378
• Total FTEs/Compensation Affected	<u><u>8,182</u></u>	<u><u>\$251,721,750</u></u>
5. Apply percentage from step 3 to total compensation from step 4
 - $\$251,721,750 \times .0191 =$ \$4,807,885
6. Add back cost of equalizing typist clerk II class \$1,016,285
7. Total of steps 5 and 6 \$5,824,170

U. OTHER COSTS

This report section deals with the issues of potential long-term capital improvement savings and one-time facility-related implementation costs.

1. New Government Facilities

Generally, if one new facility can be constructed under a Merged Government to meet the needs of two new facilities that otherwise would be constructed under a Status Quo situation, there should be significant capital cost savings. This statement assumes the following:

- The two construction alternatives are predicated on proportionately equal space allocations, material quality, construction quality, office amenities, etc.
- Cost savings would result from:
 - Some decrease in administrative space needs as a proportion of all space needs under a Merged Government
 - The need for only one architectural design effort
 - The need for only one site development expense
 - Economies of scale and scheduling in construction costs
 - Economies of scale in parking space and employee support space (e.g., cafeteria).

To pursue the potential for these types of savings, we surveyed the facility construction plans for the City and the County of Sacramento for the timeframe covering the next five to ten years.

City Plans

The city's plans involve the construction of (1) a major new civic center complex which would house police, fire, and other administrative offices, (2) corporation yards, (3) a small data processing center, and (4) police substations. The civic center and the corporation yards are currently in the third phase of determining space needs and costs. They are expected to begin construction in FY 1993/94. The data processing facility is expected to be completed by late 1990 to early 1991, and will be housed in the east garage. One police substation is under construction and will be finished this year (at Fruitridge and Franklin). Two others are to be built at some unknown future date.

County Plans

The county plans involve the construction of (1) a sheriff's substation near Elk Grove, and (2) a large systems and data processing building which will also house the coroner, crime lab, and other county offices. The sheriff's substation is to be constructed within the next five years, while the data processing building is to be completed in 1992. No general administration facilities are planned.

Potential for Savings

Within the next five to ten years the only known areas of potential overlap/savings seem to involve law enforcement substations, employee parking facilities, and perhaps less proportionate need for administrative space. The city's requirement for additional data processing space may be too immediate to postpone until the county structure is built.

We believe there is definite potential for avoidance of future capital costs associated with the Merged Government alternative. However, without more definitive statements of space needs and building plans by year, we cannot estimate an annualized dollar amount for these savings. We have received one estimate that the savings in constructing one facility to meet the needs of two new facilities could run as high as 10 percent of the cost of the two facilities. Still, in the absence of more reliable information we have not included cost savings of this type in our fiscal analysis.

2. One-Time Facilities Implementation Costs

Other sections of this report include estimates of implementation costs for new uniforms, painting of vehicles, forms production, etc. Here we address facility-related implementation needs on an overall basis. The key assumptions in this analysis are as follows:

- Construction of new facilities *already authorized* (e.g., new city data processing facility) probably will occur with or without a merger, and the costs are not affected by the merger
- There is enough space for all current city and county employees, although some may be crowded
- Given that total current space is adequate, it still may need minor modifications in order to reallocate personnel and space in the most efficient manner after a merger is approved.

In consideration of the above assumptions, we conclude that (1) no new facilities need to be built *solely* because of the merger, and (2) funds should be budgeted to complete minor building modifications which will be necessary to provide reasonably efficient space allocations for the consolidated departments. A rough estimate of this expenditure is \$1 million spent over a two-year period starting in July 1991. This amount is included in our projected implementation costs.

V. SUMMARIES OF TOTAL EXPENDITURES BY ALTERNATIVE

Exhibit VI-40, on the next page, presents a summary of the efficiency gains and implementation costs of the service areas included in our analysis. As shown in the exhibit, the baseline efficiency gain, if the proposed Merged Government had been fully operational throughout FY 1987/88, is estimated at over **\$21 million**. The net efficiency gain, after adding back the costs of additional Metro Government services, is estimated at **\$4.3 million**. The one-time implementation costs are estimated at approximately \$21 million, primarily due to the information systems and law enforcement communications implementation costs.

Exhibit VI-41, following Exhibit VI-40, presents a summary of the six-year projections of FTEs and costs for the Status Quo and Merged Government alternatives. The six-year projections presented in each of the service area analyses in this section were used to prepare these projections. The basic timing assumptions concerning implementation of the Merged Government alternative are as specified previously in this report section.

Summary of Efficiency Gains and Implementation Costs

		SERVICE/COST AREAS																			
		LEGISLATIVE	ADMINISTRATION AND FINANCE	INFORMATION SYSTEMS AND DATA MANAGEMENT	PERSONNEL ADMINISTRATION	LCC OPERATIONS	LAW ENFORCEMENT	FIRE	ANIMAL CONTROL	PLANNING AND DEVELOPMENT	PUBLIC WORKS - TRANSPORTATION	PUBLIC WORKS - SOLID WASTE	PUBLIC WORKS - FLOOD CONTROL WATER/WASTEWATER	PUBLIC WORKS - OTHER	GENERAL SERVICES	PARKS AND RECREATION	LIBRARY	RETIREMENT	EQUALIZATION OF SALARY AND BENEFIT COSTS	OTHER COSTS	
TOTAL																					
STATUS DUO (CITY & COUNTY COMBINED)																					
FTEs	6,878	47	343	187	176	0	1,518	469	59	359	506	442	697	389	531	837	219	0	0	0	
Costs (000's)																					
Personnel	\$277,177	\$2,079	\$13,995	\$7,612	\$5,815	\$0	\$79,608	\$27,026	\$1,775	\$13,483	\$18,361	\$16,085	\$29,267	\$13,817	\$20,187	\$21,716	\$6,351	\$0	\$0	\$0	
Other	153,697	1,688	3,738	12,681	2,726	0	10,906	2,283	861	4,244	13,834	18,792	14,972	11,762	38,913	10,666	5,631	0	0	0	
Total	\$430,874	\$3,767	\$17,733	\$20,293	\$8,541	\$0	\$90,514	\$29,309	\$2,636	\$17,727	\$32,195	\$34,877	\$44,239	\$25,579	\$59,100	\$32,382	\$11,982	\$0	\$0	\$0	
BASELINE EFFICIENCY GAINS																					
FTEs	(404)	(5)	(49)	(23)	(24)	0	(121)	0	(5)	(28)	(28)	(12)	(21)	(29)	(31)	(26)	(2)	0	0	0	
Costs (000's)																					
Personnel	(\$18,371)	(\$180)	(\$2,328)	(\$1,056)	(\$1,105)	\$0	(\$5,690)	\$0	(\$186)	(\$1,222)	(\$1,221)	(\$486)	(\$958)	(\$1,472)	(\$1,367)	(\$1,025)	(\$75)	\$0	\$0	\$0	
Other	(2,986)	(30)	(262)	(223)	(187)	0	(865)	0	(36)	(163)	(251)	(167)	(148)	(291)	(186)	(165)	(12)	0	0	0	
Total	(\$21,357)	(\$210)	(\$2,590)	(\$1,279)	(\$1,292)	\$0	(\$6,555)	\$0	(\$222)	(\$1,385)	(\$1,472)	(\$653)	(\$1,106)	(\$1,763)	(\$1,553)	(\$1,190)	(\$87)	\$0	\$0	\$0	
Estimate of Gains Attributed to Special Districts		(\$898)									(\$118)		(\$520)	(\$229)	(\$31)						
ADD-BACKS FOR METRO GOVERNMENT SERVICES																					
FTEs	198	0	0	0	0	18	162	0	0	18	0	0	0	0	0	0	0	0	0	0	
Costs (000's)																					
Personnel	\$15,029	\$224	\$0	\$0	\$0	\$666	\$7,676	\$0	\$0	\$682	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$43)	\$5,824	\$0	
Other	2,054	0	0	0	0	884	1,053	0	0	117	0	0	0	0	0	0	0	0	0	0	
Total	\$17,083	\$224	\$0	0	0	\$1,550	\$8,729	\$0	\$0	\$799	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$43)	\$5,824	\$0	
*NET EFFICIENCY GAINS																					
FTEs	(206)	(5)	(49)	(23)	(24)	18	41	0	(5)	(10)	(28)	(12)	(21)	(29)	(31)	(26)	(2)	0	0	0	
Costs (000's)																					
Personnel	(\$3,342)	\$44	(\$2,328)	(\$1,056)	(\$1,105)	\$666	\$1,986	\$0	(\$186)	(\$540)	(\$1,221)	(\$486)	(\$958)	(\$1,472)	(\$1,367)	(\$1,025)	(\$75)	(\$43)	\$5,824	\$0	
Other	(932)	(30)	(262)	(223)	(187)	884	188	0	(36)	(46)	(251)	(167)	(148)	(291)	(186)	(165)	(12)	0	0	0	
Total	(\$4,274)	\$14	(\$2,590)	(\$1,279)	(\$1,292)	\$1,550	\$2,174	\$0	(\$222)	(\$586)	(\$1,472)	(\$653)	(\$1,106)	(\$1,763)	(\$1,553)	(\$1,190)	(\$87)	(\$43)	\$5,824	\$0	
ONE-TIME IMPLEMENTATION COSTS (000's)		\$21,060	\$50	\$150	\$6,000	\$300	\$310	\$6,460	\$0	\$150	\$100	\$300	\$200	\$400	\$300	\$3,200	\$300	\$10	\$1,630	\$200	\$1,000
*DIFFERENCES ATTRIBUTABLE TO NET EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED																					
FTEs	(77)	(5)	(49)	(23)	(24)	18	101	0	(13)	(10)	(12)	(6)	(3)	(18)	(31)	(10)	(2)	0	0	0	
Costs (000's)																					
Personnel	\$1,893	\$44	(\$2,328)	(\$1,056)	(\$1,105)	\$666	\$4,500	\$0	(\$128)	(\$540)	(\$585)	(\$279)	(\$192)	(\$967)	(\$1,367)	(\$476)	(\$75)	(\$43)	\$5,824	\$0	
Other	83	(30)	(262)	(223)	(187)	884	626	0	(21)	(46)	(110)	(87)	(20)	(179)	(186)	(64)	(12)	0	0	0	
Total	\$1,976	\$14	(\$2,590)	(\$1,279)	(\$1,292)	\$1,550	\$5,126	\$0	(\$149)	(\$586)	(\$695)	(\$366)	(\$212)	(\$1,146)	(\$1,553)	(\$540)	(\$87)	(\$43)	\$5,824	\$0	

**SUMMARY OF
PROJECTIONS FOR MERGED GOVERNMENT**

	Actual		Projected											
	FY 1987/88		FY 1988/89		FY 1989/90		FY 1990/91		FY 1991/92		FY 1992/93		FY 1993/94	
	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost	FTEs	Cost
City - Current	3,711	\$239,017	3,873	\$270,707	4,041	\$296,704	4,164	\$320,534	4,384	\$351,394	4,521	\$379,190	4,659	\$407,357
City - Utility Tax	0	0	0	0	24	1,338	58	3,338	96	5,750	125	7,984	155	10,363
County	7,888	757,688	8,125	822,754	8,441	860,746	8,729	912,676	9,051	968,480	9,365	1,027,562	9,692	1,090,596
Status Quo	11,599	\$996,705	11,998	\$1,093,461	12,506	\$1,158,788	12,951	\$1,236,548	13,531	\$1,325,624	14,011	\$1,414,736	14,506	\$1,508,316
Merged Government	---	---	---	---	---	---	12,941	1,236,494	13,209	1,306,942	13,510	1,383,279	13,971	1,472,695
Efficiency Gains From Merged Government	0	0	0	0	0	0	(10)	(54)	(321)	(18,682)	(499)	(31,457)	(537)	(35,621)
Add-Backs for Metro Government Services														
Increase for Traffic Operations in Unincorporated Area	0	\$0	0	\$0	0	\$0	0	\$0	90	\$5,893	184	\$12,627	188	\$13,524
LCC Planning Costs	0	0	0	0	0	0	0	0	0	0	15	837	32	1,931
Metro Board Costs	0	0	0	0	0	0	0	0	0	0	0	211	0	476
LCC Operations	0	0	0	0	0	0	0	0	0	291	18	1,096	18	2,077
Equalization of Salaries and Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0	8,072
Retirement	0	0	0	0	0	0	0	0	0	0	0	(55)		(86)
Subtotal	0	0	0	0	0	0	0	0	90	6,184	217	14,716	238	25,994
Net Efficiency Gains From Merged Government	0	\$0	0	\$0	0	\$0	(10)	(\$54)	(231)	(\$12,498)	(282)	(\$16,741)	(299)	(\$9,627)
One-Time Implementation Costs	0	0	0	0	0	0	0	883	0	9,585	0	8,931	0	6,775
Total Costs By Fiscal Year	11,599	\$996,705	11,998	\$1,093,461	12,506	\$1,158,788	12,941	\$1,237,377	13,300	\$1,322,711	13,729	\$1,406,926	14,207	\$1,505,464

VII. ANALYSIS OF INCREASED INCORPORATIONS AND ANNEXATIONS ALTERNATIVE

VII. ANALYSIS OF INCREASED INCORPORATIONS AND ANNEXATIONS ALTERNATIVE

This section describes the impacts on revenues and service costs resulting from the Increased Incorporations and Annexations alternative. During the past four years effort has been expended by citizen proponent groups to establish four new cities in the unincorporated area of the county. In addition, the Cities of Sacramento and Folsom may annex other parts of the county's unincorporated area. Increased incorporations and annexations is a potential alternative to the Status Quo if the Merged Government alternative is not approved.

This section analyzes the fiscal impacts of four incorporation and five annexation scenarios on both the City and the County of Sacramento, and the potential newly incorporated cities. The Increased Incorporations and Annexations alternative is compared herein only with the Status Quo alternative.

This section is organized as follows:

- A. Significant Factors Affecting the Distribution of Revenues and Costs
- B. Description of Potential Incorporation and Annexation Scenarios
- C. Revenue Distribution
- D. Service Cost Analysis
- E. Net Fiscal Impact of Increased Incorporations and Annexations.

A. SIGNIFICANT FACTORS AFFECTING THE DISTRIBUTION OF REVENUES AND COSTS

The fiscal impact of incorporations and annexations is created by the transfer of revenues and costs from the county to the newly incorporated city or the annexing city. The impact is felt by the county as a reduction in revenues from the unincorporated area, and a reduction in the cost of services to the unincorporated area. On the other hand, the newly incorporated city or annexing city realizes an increase in revenues and service costs. The fiscal impact to each entity seldom, if ever, is balanced. To counties, revenues transferred usually exceed the reduction in service costs. To cities, there are revenues obtained from sources other than the county which allow higher per capita expenditures in the new municipality.

Our analysis is based on various statutes and policies that determine the transfer of revenues and costs from one government entity to another in the case of an incorporation or annexation. In addition, we have employed several assumptions to analyze the effects of each incorporation and annexation. These determining factors and assumptions are described in the following subsections.

1. Governing Statutes

Certain state statutes affect the transfer of revenue and services from the county to a newly incorporated city or an existing city conducting an annexation. These statutes are described briefly in the following paragraphs.

Cortese-Knox Local Government Reorganization Act of 1985

The Cortese-Knox Act (Govt. Code Sec. 56000, et. seq.) established a local agency formation commission (LAFCO) in each county which has the sole authority to approve or disapprove all incorporations, annexations, or formations of government entities within a county. LAFCO decisions that affect the fiscal condition of incorporations and annexations include determination of property taxes to be transferred and approval of services transferred from special districts to the new city or annexing city.

State Subvention Statutes

Several revenue sources for cities and counties are collected by the state and apportioned to each local government based on statutory formulas. The formulas determine the revenue impact on the county and the affected city in the case of an incorporation or annexation. These subventions have been described previously in Section IV.

2. Assumptions and Methodology

To determine the fiscal effects of proposed incorporations we reviewed the data and methodologies used in either LAFCO or consultant reports which had been completed for each incorporation between 1986 and 1987. In addition to these reports, we developed new assumptions and methodologies where appropriate. Annexations were analyzed based on information from city planning departments. The key assumptions we adopted are described below.

FY 1987/88 Actual Revenues and Costs

We used actual FY 1987/88 county revenues and costs as a basis for the analysis. All results are expressed as if the county had fully transferred its responsibility for the incorporated city or annexed territory for the entire 1987/88 fiscal year.

Types of Revenues

The impact of incorporations and annexations on a specific government service depends strongly on the source of financing for that service. Statutes limit the use of certain revenues to specific purposes. These constraints may result in an uneven impact on revenues and service costs when revenues and services are transferred from one government to another. We have employed the following categories to highlight the dissimilar impacts when revenues and services are transferred from the county to a city:

- **Unrestricted revenues** may be used for any legitimate purpose of government, regardless of the source of those revenues. The most significant unrestricted revenues affected by incorporations and annexations are property and sales taxes. However, these revenues also include charges for services provided by government which can not, by law, exceed the cost of the service, but which are unrestricted as to their use.
- **Restricted revenues** must be used for the specific purpose dictated by the relevant statute. The primary types of restricted revenues affected by incorporations and annexations are gas tax revenues, and sales tax revenues apportioned by SB 325. These revenues must be spent on transportation-related projects and services.

Services Excluded From the Analysis

Incorporations and annexations would have little if any fiscal impact on certain services provided by the county and, therefore, these services have been excluded from the analysis. These services include:

- Libraries, which are financed by a specific share of the property tax levy through a separate fund
- Refuse operations, which are financed by charges for services through a separate enterprise fund
- Special district services, which are financed by property taxes and charges for services through separate special district funds
- All countywide services that cannot be transferred to a city.

Revenue Neutrality

We assumed that the new or annexing city would not adjust tax rates or charges for services compared to existing county levels, nor impose additional taxes.

Service Costs for Cities Equals Revenues Received

We assumed that the newly incorporated city or annexing city would have costs of service equal to the revenues received. We did not conduct a separate analysis of the cost to serve an area after the incorporation or annexation occurred.

Revenues Based on Complete Implementation of All Existing Statutes and Agreements

We estimated revenues based on complete implementation of all existing statutes and agreements. This assumption allowed us to compare fiscal impacts that would occur over the long term, without any bias caused by the transition from an unincorporated to an incorporated area. As a result, we have not included the following transitional effects in the analysis:

- The Cortese-Knox Act in Section 56842 of the Government Code allows the transfer of property taxes to an incorporated city within Sacramento County to take place over a maximum of twelve years before the new city receives its full share of the tax levy. We estimated property taxes for incorporations based on the city's full share of the tax
- For certain state subventions that are apportioned on the basis of population, state law dictates that the population of an incorporated city is initially calculated by multiplying the number of registered voters in the new city by three. (Section 11005.3 of the Revenue and Taxation Code.) After the 1990 federal census, the population of the city is determined on the same basis as all other cities, using census data. Our population assumptions are based on census data and not the transitional formula.

No Contracting Between the City and the County for Services Included in the Analysis

For those services that are included in the analysis, we assumed that the new or annexing city would not contract back with the county to provide those services. Contracting with the county would eliminate any cost savings to the county from reduced services areas. In addition, contracting back may either positively or negatively impact county revenues, depending on the terms of the contract.

Countywide Demographic and Economic Assumptions

The demographic and economic assumptions that we used for the county are presented below in Table 1-VII.

Table 1-VII
Countywide Assumptions

	<u>Population</u>	<u>Net Assessed Valuation (000's)</u>	<u>Road Miles</u>
Unincorporated Area	588,625	\$18,401,826	2,440
City of Sacramento	340,559	10,844,933	N/A
Other Cities	<u>32,716</u>	<u>1,073,080</u>	<u>N/A</u>
Total	<u>961,900</u>	<u>\$30,319,839</u>	N/A

B. DESCRIPTION OF POTENTIAL INCORPORATION AND ANNEXATION SCENARIOS

The Increased Incorporations and Annexations alternative includes four incorporations recently advocated by citizen groups, four potential annexations by the City of Sacramento, and one potential annexation by the City of Folsom. Each incorporation and annexation is described in the following subsections.

1. Incorporations

We included four incorporations in the alternative because they had been proposed recently by citizen groups, all within the last four years. The incorporation proposals and the extent to which they have advanced are listed below:

- **Citrus Heights** - The incorporation was approved by LAFCO and is now pending the completion of an environmental impact review and the outcome of current litigation
- **Elk Grove** - The incorporation was approved by LAFCO and was defeated by the voters in an election held in the affected area
- **Rancho Cordova** - A citizen's group has organized to promote the incorporation, although no petition has been submitted to LAFCO at this time
- **Rio Linda-Elverta** - A citizen's group has organized to promote the incorporation, although no petition has been submitted to LAFCO at this time.

We have assumed LAFCO's proposed boundaries for the Citrus Heights and Elk Grove incorporations. In the case of Elk Grove, LAFCO analyzed the proposal under two sets of boundaries; we have used the larger set that includes portions of the Laguna area. For Rancho Cordova and Rio Linda-Elverta, we used the citizen proponents' proposed boundaries for each incorporation.

The demographic and other assumptions for each incorporation that we used in our fiscal analysis are presented below in Table 2-VII.

Table 2-VII
Incorporation Assumptions

	<u>Population</u>	<u>Net Assessed Valuation (000's)</u>	<u>Road Miles</u>	<u>Square Miles</u>
Citrus Heights	72,878	\$1,991,898	210	21
Elk Grove	20,531	1,000,992	110	51
Rancho Cordova	83,488	1,980,000	181	28
Rio Linda-Elverta	<u>19,070</u>	<u>357,209</u>	<u>138</u>	<u>38</u>
Total	<u>195,967</u>	<u>\$5,330,099</u>	<u>639</u>	<u>138</u>

2. Annexations

The annexations that we included in the Increased Incorporations and Annexations alternative were chosen based on interviews with planning department staff in Sacramento County, the City of Sacramento, and the City of Folsom. We attempted to identify all annexations within the county that were expected to be completed within the timeframe of this study, i.e., by FY 1993/94. The annexations included in the analysis and their existing development status are listed below.

City of Sacramento Annexations

- **North Natomas** - A partially developed area located immediately north of Interstate 80 and west of Northgate Boulevard
- **Shorebird/Sand Cove** - An undeveloped area, part of which has been approved for annexation by LAFCO, located where Interstate 80 crosses the Sacramento River

- **Freeport** - An undeveloped area located between the Sacramento River and the southwestern corner of the city
- **Consumnes River College** - An undeveloped area located between Highway 99 and Consumnes River College.

City of Folsom Annexation

- **Highway 50 Area South** - A large undeveloped area south of Highway 50 and west of the El Dorado County line.

The demographic and other assumptions for each annexation that we used in our fiscal impact analysis are presented below in Table 3-VII.

Table 3-VII
Annexation Assumptions

	<u>Population</u>	<u>Net Assessed Valuation (000's)</u>	<u>Road Miles</u>	<u>Square Miles</u>
City of Sacramento	414	\$14,690	10	2
City of Folsom	<u>0</u>	<u>500</u>	<u>5</u>	<u>8</u>
Total	<u>414</u>	<u>\$15,190</u>	<u>15</u>	<u>10</u>

The assessed valuation of the Folsom Annexation is relatively low because substantially all of this land is designated under the Williamson Act. The Act allows landowners to benefit from limited assessed values in return for reserving the land for agricultural purposes only.

C. REVENUE DISTRIBUTION

We analyzed the distribution of revenues caused by incorporations and annexations in terms of the reduction in revenues to the county, and the increase in revenues to the newly incorporated or annexing city.

1. Key Assumptions and Description of Methodology

The key assumptions and methodologies that we used to analyze the redistribution of revenues caused by incorporations and annexations are explained in the following paragraphs.

Property Tax

We estimated property tax revenues based on assessed valuations and the statutory formula the applies to incorporations contained in the Cortese-Knox Act (Section 56842). The formula determines the actual amount of property tax to be transferred from the county to the city by taking the percentage of property tax revenues to total general purpose revenues, and multiplying this percentage by the net cost of service to the incorporated area. Net cost of service equals total service costs minus charges for services and restricted revenues.

Using actual FY 1987/88 revenue data and with assistance from the County Auditor-Controller's Office, we determined that property tax revenues are **41.64 percent** of total general purpose revenues. This percentage factor was multiplied by net costs to determine the amount of property tax transferred. Net costs were calculated based on data presented in the next subsection.

We estimated the impact of annexations on property tax revenues by applying the terms of the draft master property tax transfer agreement between the County and the City of Sacramento. The result of this property tax transfer formula is that the city would receive approximately 47 percent, and the county would receive 53 percent of the combined existing county and special district property tax shares of the 1 percent property tax levy. Using this formula, we estimated that the loss to the county would average 18.4 percent of the 1 percent tax levy, and the gain to the city would average 28.0 percent of the tax levy. (The difference of 9.6 percent is the total apportionment of special district property taxes which are transferred to the city along with all service responsibilities.) These averages are based on actual existing property tax levies for the Natomas

and Freeport annexations. We used the same assumptions for the Folsom annexation.

Sales Tax

In the case of Citrus Heights, Elk Grove, and Rancho Cordova, sales tax revenues were estimated based on actual sales data supplied by the State Board of Equalization. The data was two to three years old for Citrus Heights and Elk Grove, and five years old for Rancho Cordova. As a result, we increased the revenue estimates by the same rate as sales tax revenues have grown for the county's entire unincorporated area over the same period. This method is likely to result in a reasonable revenue estimate for Citrus Heights and Elk Grove, and somewhat less accuracy for the estimate of Rancho Cordova revenues.

Sales tax revenue estimates for Rio Linda-Elverta and the City of Sacramento annexations were based on a formula developed in a consultant's report to the Rio Linda-Elverta citizen incorporation committee. This formula estimates revenues based on one-third of per capita sales tax revenues for the entire unincorporated area. The consultant used the one-third factor because of the relative lack of commercial land in the Rio Linda-Elverta area. We estimated that the area included in the potential City of Sacramento annexations was similarly undeveloped.

Charges for Services

The revenue from charges for services were estimated by multiplying total actual FY 1987/88 county revenues for the appropriate service by a revenue generating factor. This factor represented the portion of a service area's revenues that are generated by the area to be incorporated or annexed. We developed our revenue generating factors using one of the following methods:

- Specific revenue generating factors contained in LAFCO or consultant reports
- New data generated by Arthur Young and county departments for this study
- A per capita factor based on total population of the unincorporated area.

State Subventions

We estimated the revenue from state subventions by constructing a model of each subvention formula for all cities and the unincorporated area of Sacramento County. The models were based on actual FY 1987/88

SECTION VII

revenues for the county and statewide data provided by the State Board of Equalization and the State Controller's Office. The subventions that were modeled included:

- Cigarette Tax
- Motor Vehicle In-Lieu Tax
- Trailer Coach In-Lieu Tax
- Gas Tax.

Our revenue estimates for the Folsom annexation could be underestimated because of our reliance on population to estimate most revenues under this scenario. A detailed description of the assumptions that we employed to estimate these and all other revenue sources are provided in Appendix C.

2. Revenue Distribution

The results of our analysis of revenue distribution are summarized in the following two exhibits. **Exhibit VII-1**, on the following page, presents our estimates of reductions in revenues to the county. **Exhibit VII-2**, following Exhibit VII-1, presents our estimates of revenues available to the newly incorporated or annexing city.

As **Exhibit VII-1** estimates, the county would have lost about \$30 million in FY 1987/88 if all four incorporations and all five annexations had been completed. Most of this revenue loss, or 96 percent, would have been in nonrestricted funds, and 47 percent, would have been in sales taxes alone. The Citrus Heights and Rancho Cordova incorporations would have had the greatest impact by reducing county revenues by \$23.8 million.

Exhibit VII-2 illustrates that for every type of revenue source except five, the revenue gain for the newly incorporated or annexing city exactly equals the revenue loss to the county. For five revenue sources, we estimate that the cities would receive \$8.4 million more in revenues than the county will lose primarily

**ESTIMATED REDUCTION IN SACRAMENTO COUNTY REVENUES
FROM INCORPORATIONS AND ANNEXATIONS FY 1987/88**

Funding Type/ Revenue Source	Incorporations					Annexations			Total
	Citrus Heights	Elk Grove	Rancho Cordova	Rio Linda- Elverta	Subtotal	Sacra- mento	Folsom	Subtotal	
Nonrestricted Funds									
Property Tax	\$2,668,000	\$834,000	\$2,974,000	\$892,000	\$7,368,000	\$27,100	\$900	\$28,000	\$7,396,000
Sales Tax	7,169,000	955,000	5,262,000	561,000	13,947,000	12,200	0	12,200	13,959,200
Cigarette Tax	210,000	26,000	158,000	12,000	406,000	0	0	0	406,000
Trailer Coach In-Lieu Tax	6,000	2,000	7,000	1,000	16,000	0	0	0	16,000
Home Owners' Prop. Tax Relief	114,000	36,000	127,000	38,000	315,000	1,200	0	1,200	316,200
Williamson Act Tax Relief	0	0	0	0	0	0	2,000	2,000	2,000
Property Transfer Tax	90,000	50,000	117,000	21,000	278,000	900	0	900	278,900
Business Licenses	76,000	51,000	83,000	19,000	229,000	400	0	400	229,400
Franchise Fees	67,000	15,000	88,000	20,000	190,000	400	0	400	190,400
Fines & Forfeitures	310,000	87,000	355,000	81,000	833,000	1,800	0	1,800	834,800
Planning and Development	731,000	1,373,000	1,147,000	324,000	3,575,000	6,200	0	6,200	3,581,200
Subdivision Development	77,000	111,000	168,000	38,000	394,000	800	0	800	394,800
Animal Control	81,000	23,000	93,000	21,000	218,000	500	0	500	218,500
Interest	361,000	113,000	331,000	63,000	868,000	2,000	0	2,000	870,000
Subtotal	\$11,960,000	\$3,676,000	\$10,910,000	\$2,091,000	\$28,637,000	\$53,500	\$2,900	\$56,400	\$28,693,400
Restricted Funds									
Gas Taxes	311,000	156,000	309,000	56,000	832,000	3,000	0	3,000	835,000
SB 325 Sales Tax	120,000	34,000	137,000	31,000	322,000	700	0	700	322,700
Subtotal	\$431,000	\$190,000	\$446,000	\$87,000	\$1,154,000	\$3,700	\$0	\$3,700	\$1,157,700
Total	\$12,391,000	\$3,866,000	\$11,356,000	\$2,178,000	\$29,791,000	\$57,200	\$2,900	\$60,100	\$29,851,100

ESTIMATED REVENUES FOR INCORPORATING AND ANNEXING CITIES FY 1987/88

Revenue Source	Incorporations					Annexations			Total
	Citrus Heights	Elk Grove	Rancho Cordova	Rio Linda-Elverta	Subtotal	Sacramento	Folsom	Subtotal	
Nonrestricted									
Property Tax	\$2,668,000	\$834,000	\$2,974,000	\$892,000	\$7,368,000	\$41,100	\$1,400	\$42,500	\$7,410,500
Sales Tax	7,169,000	955,000	5,262,000	561,000	13,947,000	12,200	0	12,200	13,959,200
Cigarette Tax	201,000	40,000	185,000	32,000	458,000	700	0	700	458,700
Motor Vehicle In-Lieu Tax	2,323,000	656,000	2,660,000	609,000	6,248,000	13,000	0	13,000	6,261,000
Trailer Coach In-Lieu Tax	6,000	2,000	7,000	1,000	16,000	0	0	0	16,000
Home Owners' Prop. Tax Relief	114,000	36,000	127,000	38,000	315,000	1,200	0	1,200	316,200
Williamson Act Tax Relief	0	0	0	0	0	0	2,000	2,000	2,000
Property Transfer Tax	90,000	50,000	117,000	21,000	278,000	900	0	900	278,900
Business Licenses	76,000	51,000	83,000	19,000	229,000	400	0	400	229,400
Franchise Fees	67,000	15,000	88,000	20,000	190,000	400	0	400	190,400
Fines & Forfeitures	310,000	87,000	355,000	81,000	833,000	1,800	0	1,800	834,800
Planning and Development	731,000	1,373,000	1,147,000	324,000	3,575,000	6,200	0	6,200	3,581,200
Subdivision Development	77,000	111,000	168,000	38,000	394,000	800	0	800	394,800
Animal Control	81,000	23,000	93,000	21,000	218,000	500	0	500	218,500
Interest	451,000	137,000	436,000	89,000	1,113,000	3,000	0	3,000	1,116,000
Subtotal	\$14,364,000	\$4,370,000	\$13,702,000	\$2,746,000	\$35,182,000	\$82,200	\$3,400	\$85,600	\$35,267,600
Restricted									
Gas Taxes	1,003,000	294,000	1,137,000	269,000	2,703,000	6,000	0	6,000	2,709,000
SB 325 Sales Tax	120,000	34,000	137,000	31,000	322,000	700	0	700	322,700
Subtotal	\$1,123,000	\$328,000	\$1,274,000	\$300,000	\$3,025,000	\$6,700	\$0	\$6,700	\$3,031,700
Total	\$15,487,000	\$4,698,000	\$14,976,000	\$3,046,000	\$38,207,000	\$88,900	\$3,400	\$92,300	\$38,299,300

because of the effects of the following three state subvention formulas:

- Cigarette Tax
- Motor Vehicle In-Lieu Tax
- Gas Tax.

The difference in subvention revenues received by the new city versus revenues lost by the county is made up by a redistribution of revenues from all other cities in the state through the subvention process. The fifth revenue source that has an unequal impact is the property tax because of the effect of the property tax transfer agreement between the city and the county. In addition to the revenue impact on the county presented in Exhibit VII-1, there is also a negative revenue impact on the city as a result of the four incorporations. This impact is caused by the redistribution of state subvention revenues. We estimated that the city will lose \$99,000 in motor vehicle tax revenues and \$118,000 in gas tax revenues if all four incorporations occur. This impact does not include the additional revenues the city would receive if its annexations occur, as analyzed herein.

D. SERVICE COST ANALYSIS

We analyzed the reduction in expenditures to the county caused by potential incorporations and annexations by estimating the costs of services that would no longer remain a county responsibility. To estimate the increase in the costs of these services and necessary central administration to the new cities, we assumed that total costs would equal the total revenues available to the cities, as presented in the previous subsection.

1. Key Assumptions and Description of Methodology

The key assumptions that we employed to analyze the reduction in the county's expenditures as a result of incorporations and annexations are explained below.

Methodology

Our methodology for estimating the costs of each service transferred to the city was based on the total direct county costs for the service. We multiplied the total cost for each service area by a workload factor that represented the portion of that service supplied to the potentially incorporated or annexed area. In addition, we calculated a separate estimate of savings in countywide overhead costs. The result was an estimate of the reduction in expenditures that the county could have attained if the incorporation or annexation had been in place in FY 1987/88.

Total Direct Costs

Direct costs for law enforcement, planning and development, and animal control were based on the total county costs developed for the service area analyses in Section VI. In the case of Planning and Development costs, we did not include costs for the Planning Commission Secretariat because these are fixed costs which could not be reduced if workload for the department declined. Direct costs for subdivision development were based on the costs of unincorporated area services provided by the Public Works Department (budget unit 2810). Direct costs for road maintenance were based on information supplied by the Public Works Department. All costs were based on total actual FY 1987/88 expenditures, before transfers and offsetting revenues, and included allocations for division and department overhead.

Workload Factors

We developed our workload factors using the same methods described in the previous subsection for developing revenue generating estimates of charges for services. In general, workload factors for the Citrus Heights and Elk Grove incorporations are based on more extensive information contained in the LAFCO reports, while factors for the other incorporations and annexations rely more heavily on per capita estimates.

Law Enforcement

Law enforcement costs were estimated based on the percentage of estimated population in the incorporation or annexation compared to the population of the entire unincorporated area. This percentage factor was multiplied by total law enforcement costs to estimate the cost of service to the community. This method may not accurately reflect current service levels to a particular community, but it provides a reasonable estimate of the average reduction in costs across all potential incorporations and annexations.

Planning and Development

Workload factors for planning and development included a weighted average of individual factors developed for each division included in this service area. Individual factors were based on either a sample of 1988 actual planning workload, per capita estimates, or factors used in the reports by LAFCO. In addition, we made one upward adjustment to the Elk Grove general planning workload factor to account for the high level of planning services currently being supplied to that area. Refer to Section VI.K for a description of the services supplied in the planning and development service area.

Subdivision Development and Animal Control

Subdivision development workload factors were based on LAFCO reports for Citrus Heights and Elk Grove, and on per capita costs for the remaining incorporations and annexations. Animal control workload factors were based entirely on per capita costs.

Road Maintenance

Road maintenance workload factors were based on the number of road miles in the incorporated or annexed area compared to the total number of road miles in the county's unincorporated area.

Countywide Overhead

Reduction in the quantity of direct services provided by the county as a result of incorporations and annexations should lead to a reduction in some indirect county costs as well. These costs include personnel management and data processing costs. We estimated savings using the following methodology:

- Total service area costs were divided by the total full-time equivalent (FTE) positions in that service area to determine a cost per FTE
- The number of FTE positions that could be saved from cost reductions were estimated by dividing total cost reductions by the cost per FTE for each service area
- A countywide overhead cost per FTE was calculated by dividing 50 percent of personnel and data processing costs by total county FTE positions of 7,888 for a cost per FTE of \$1,700. The 50 percent factor was used to reflect variable costs which could be reduced, and to exclude fixed costs
- The number of FTE positions that could be saved for each service area was multiplied by the \$1,700 countywide overhead cost savings per FTE position to estimate total countywide overhead savings.

2. Service Cost Analysis

The results of our analysis of service cost reductions are presented on the following page in **Exhibit VII-3**. As Exhibit VII-3 illustrates, the reduction in county costs is estimated to be \$23.2 million as a result of the incorporations and annexations assumed in this analysis. Law enforcement costs represent over half (60%) of this total cost reduction. Our estimate of the costs of service to the Folsom annexation probably are underestimated because of our reliance on population to calculate most costs in this case.

**ESTIMATED REDUCTION IN SACRAMENTO COUNTY SERVICE AREA COSTS
FROM INCORPORATIONS AND ANNEXATIONS FY 1987/88**

Funding Type/ Service Area	Incorporations					Annexations			Total
	Citrus Heights	Elk Grove	Rancho Cordova	Rio Linda- Elverta	Subtotal	Sacra- mento	Folsom	Subtotal	
Nonrestricted Funds									
Law Enforcement	\$5,186,000	\$1,462,000	\$5,940,000	\$1,357,000	\$13,945,000	\$29,000	\$0	\$29,000	\$13,974,000
Planning and Development	780,000	1,316,000	1,192,000	365,000	3,653,000	7,000	0	7,000	3,660,000
Subdivision Development	85,000	123,000	186,000	43,000	437,000	1,000	0	1,000	438,000
Animal Control	224,000	63,000	256,000	59,000	602,000	1,000	0	1,000	603,000
Subtotal	\$6,275,000	\$2,964,000	\$7,574,000	\$1,824,000	\$18,637,000	\$38,000	\$0	\$38,000	\$18,675,000
Restricted Funds									
Road Maintenance	1,217,000	638,000	1,049,000	800,000	3,704,000	58,000	28,000	86,000	3,790,000
Subtotal-Direct Costs	\$7,492,000	\$3,602,000	\$8,623,000	\$2,624,000	\$22,341,000	\$96,000	\$28,000	\$124,000	\$22,465,000
Countywide Overhead	\$235,000	\$121,000	\$270,000	\$86,000	\$712,000	\$3,000	\$1,000	\$4,000	\$716,000
Total	\$7,727,000	\$3,723,000	\$8,893,000	\$2,710,000	\$23,053,000	\$99,000	\$29,000	\$128,000	\$23,181,000

E. NET FISCAL IMPACT OF INCREASED INCORPORATIONS AND ANNEXATIONS

The net fiscal impact on the county of the Increased Incorporations and Annexations alternative is presented on the following page in **Exhibit VII-4**. The exhibit is developed from information presented in Exhibits VII-1 and VII-3.

1. County Net Impact

Exhibit VII-4 illustrates that for all types of revenue sources, and assuming completion of all incorporations and annexations analyzed, the county would have experienced an estimated net loss of \$6.7 million in FY 1987/88. The total net loss is not indicative of the true impact on county resources and services, however. Each revenue type must be examined separately to adequately evaluate the fiscal impact on the county.

The greatest net loss in revenue to the county occurs in the **nonrestricted funds**, which include countywide overhead savings. Completion of all the incorporations and annexations examined here would result in a net loss to the county of \$9.3 million in nonrestricted funds. This loss is caused by a reduction in revenues that fund countywide services as well as unincorporated services, and the inability of the county to transfer any costs related to the former services. This net loss would have to be absorbed by reductions in the levels of services financed by nonrestricted funds, either services provided countywide, or services provided exclusively to the unincorporated area, or a combination of the two.

The impact on **restricted funds** is limited to road maintenance services funded by the road fund. In this area the county will experience a net gain of \$2.6 million. This large net gain cannot be transferred to finance other county services because of the statutory restrictions on road fund revenues. As a result, the county's level of service for transportation services could increase as a result of incorporations and annexations.

**ESTIMATED NET IMPACT ON SACRAMENTO COUNTY
FROM INCORPORATIONS AND ANNEXATIONS FY 1987/88**

	Incorporations					Annexations			
	Citrus Heights	Elk Grove	Rancho Cordova	Rio Linda- Elverta	Subtotal	Sacra- mento	Folsom	Subtotal	Total
Nonrestricted Funds (a)									
Cost Reductions	\$6,510,000	\$3,085,000	\$7,844,000	\$1,910,000	\$19,349,000	\$41,000	\$1,000	\$42,000	\$19,391,000
Revenue Reductions	11,960,000	3,676,000	10,910,000	2,091,000	28,637,000	53,500	2,900	56,400	28,693,400
Net Impact	(\$5,450,000)	(\$591,000)	(\$3,066,000)	(\$181,000)	(\$9,288,000)	(\$12,500)	(\$1,900)	(\$14,400)	(\$9,302,400)
Restricted Funds									
Cost Reductions	1,217,000	638,000	1,049,000	800,000	3,704,000	58,000	28,000	86,000	3,790,000
Revenue Reductions	431,000	190,000	446,000	87,000	1,154,000	3,700	0	3,700	1,157,700
Net Impact	\$786,000	\$448,000	\$603,000	\$713,000	\$2,550,000	\$54,300	\$28,000	\$82,300	\$2,632,300
Total Net Impact All Funds	(\$4,664,000)	(\$143,000)	(\$2,463,000)	\$532,000	(\$6,738,000)	\$41,800	\$26,100	\$67,900	(\$6,670,100)

(a) Cost reductions in nonrestricted funds include countywide overhead cost savings.

The net gain to the road fund is caused by the state subvention formula contained in Section 2104 of the Streets and Highways Code, one of several gas tax subvention formulas and the primary funding source for county road maintenance services. This formula allocates revenues to counties based on the total number of registered vehicles in the county, regardless of location in incorporated or unincorporated areas. As a result, incorporations and annexations reduce the county's cost of road maintenance without a corresponding reduction in the restricted revenues associated with this service.

2. City Net Impact

Completion of all four annexations by the City of Sacramento that were included in this analysis would have generated \$88,900 for the city in FY 1987/88. This result underestimates the longer-term revenue impact to the city assuming the annexed land is developed beyond its current status. Higher revenues from development would be at least partially if not completely offset by the higher cost of services supplied by the city.

The net impact to the city from all incorporations would be a loss of \$217,000 in state subventions, as discussed previously in Subsection C.

VIII. SUMMARY COMPARISONS OF ALTERNATIVES

VIII. SUMMARY COMPARISONS OF ALTERNATIVES

Table 1-VIII, below, summarizes the differences in revenues and expenditures if the Merged Government had been operational throughout FY 1987/88. As shown, a net efficiency gain of about \$4.3 million is estimated in expenditures, while an increase of nearly \$23 million is estimated in revenues. Together, the gain in revenues and expenditures under the Merged Government is estimated to approximate \$27.2 million in FY 1987/88 dollars.

Table 1-VIII
Summary Annualized Comparisons of Status Quo
and Merged Government Alternatives
(FY 1987/88 in 000's)

	<u>FTEs</u>	<u>Revenues</u>	<u>Expenditures</u>
City	3,711	\$238,923	\$239,017
County	7,888	758,096	757,688
Revenues to/from City and County	<u> </u>	<u>(1,882)</u>	<u> </u>
Status Quo	11,599	\$995,137	\$996,705
Merged Government			
Baseline	11,195		\$975,348
Add-Backs	<u>198</u>	<u> </u>	<u>17,083</u>
Subtotal	<u>11,393</u>	<u>\$1,018,095</u>	<u>\$992,431</u>
Net Gain	(206)	\$22,958	\$(4,274)
Total Gain - Revenues and Expenditures			\$27,232

Table 2-VIII, below, summarizes the fiscal impact on the county of the potential incorporations and annexations detailed in Section VII. It is clear that incorporations would have a negative net effect upon the county's financial position.

Table 2-VIII
Estimated Net Fiscal Effects
on Sacramento County from Increased
Incorporations and Annexations
(FY 1987/88 in 000's)

<u>Category</u>	<u>Incorporations</u>	<u>Annexations</u>	<u>Total</u>
<u>Nonrestricted Funds</u>			
Cost Reductions	\$19,349	\$42	\$19,391
Revenue Reductions	<u>28,637</u>	<u>56</u>	<u>28,693</u>
Net Effect	\$(9,288)	\$(14)	\$(9,302)
<u>Restricted Funds</u>			
Cost Reductions	\$3,704	\$86	\$3,790
Revenue Reductions	<u>1,154</u>	<u>4</u>	<u>1,158</u>
Net Effect	\$2,550	\$82	\$2,632
Total Net Effect All Funds	<u>\$(6,738)</u>	<u>\$68</u>	<u>\$(6,670)</u>

Exhibit VIII-1, on the following page, summarizes the total projected net benefits of the Merged Government alternative as compared with the Status Quo alternative. Total net efficiency gains were discussed in detail in Section VI, and the revenue gains were described in Section IV.

**Summary Projected Comparisons of
Status Quo and Merged Government Alternatives
(000's of Dollars)**

	FY 1990/91 (a)	FY 1991/92	FY 1992/93	FY 1993/94 (c)
Efficiency Gains from Merged Government	\$ (54)	\$(18,682)	\$(31,457)	\$(35,621)
Add-Backs for Metro Government Services (b)	<u>-</u>	<u>6,184</u>	<u>14,716</u>	<u>25,994</u>
Net Efficiency Gains from Merged Government	\$ (54)	\$(12,498)	\$(16,741)	\$ (9,627)
One-Time Implementation Costs (b)	<u>883</u>	<u>9,585</u>	<u>8,931</u>	<u>6,775</u>
Total Net Efficiency Gains from Merged Government	\$ 829	\$(2,913)	\$ (7,810)	\$ (2,852)
Revenue Gains from Merged Government	<u>12,586</u>	<u>25,871</u>	<u>26,593</u>	<u>27,330</u>
Total Net Benefits from Merged Government	\$11,757	\$ 28,784	\$ 34,403	\$ 30,182

NOTES:

(a) Assumes that the Merged Government is formed on January 1, 1991, half-way through FY 1990 91.

(b) In FY 1994 95 there should be no more one-time implementation costs; therefore, total net benefits from the Merged Government could increase by another \$6.8 million. However, the cost of add-backs for new Metro Government services will continue during future fiscal years.

(c) FY 1993 94 is the first full year of projected operation of the Merged Government.

Net benefits are projected to begin accruing January 1, 1991 (i.e., half-way through FY 1990/91). The analysis assumes the Merged Government would have a phased implementation over four fiscal years. Total net benefits, including all implementation costs, are projected to increase from \$11.8 million in FY 1990/91 to \$30.2 million in FY 1993/94. It should be noted that there is an estimated total net fiscal benefit from the Merged Government for each of the four fiscal years of implementation. FY 1993/94 would be the first full year of projected operation of the Merged Government.

The summary projections in Exhibit VIII-1 assume one service district for the entire county as opposed to separate urban and general service districts.

Exhibit VIII-2, following this page, summarizes budget projections under the Status Quo and Merged Government alternatives. Status Quo budgets for the city and county are based on revenue projections presented in Section IV of this report. Under the Status Quo alternative, our initial expenditure projections were higher than the revenue projections but local governments in California are bound by the State Constitution to have balanced budgets in which expenditures cannot exceed revenues. Consequently, Exhibit VIII-2 shows only a total balanced budget which is predicated on the revenue projections in Section IV (i.e., expenditures equal revenues).

Using the revenue gains from the Merged Government, as summarized previously in Exhibit VIII-1, we projected the total potential budget for the Merged Government. This budget is projected to approximate \$1.46 billion in FY 1993/94. Adding net efficiency gains from the Merged Government to the potential Merged Government budget shows the new potential Merged Government service level. The \$30.2 million difference between the projected total Status Quo budget and the potential Merged Government service level for FY 1993/94 represents a higher level of government service.

**Summary of Budget Projections for
Status Quo and Merged Government Alternatives
(000's of Dollars)**

	ACTUAL FY 1987/88	ESTIMATED FY 1988/89	PROJECTED				
			FY 1989/90	FY 1990/91	FY 1991/92	FY 1992/93	FY 1993/94
Status Quo Budget							
City	\$238,923	\$ 251,239	\$ 255,594	\$ 269,347	\$ 287,420	\$ 303,580	\$ 321,480
County	758,096	860,159	897,996	946,902	998,838	1,054,005	1,112,625
Revenue Transfers Between City/County	<u>(1,882)</u>	<u>(1,882)</u>	<u>(1,882)</u>	<u>(1,882)</u>	<u>(1,882)</u>	<u>(1,882)</u>	<u>(1,882)</u>
Total Status Quo Budget	\$995,137	\$1,109,516	\$1,151,708	\$1,214,367	\$1,284,376	\$1,355,703	\$1,432,223
Revenue Gains from Merged Government	-	-	-	<u>12,586</u>	<u>25,871</u>	<u>26,593</u>	<u>27,330</u>
Potential Merged Government Budget	-	-	-	\$1,226,953	\$1,310,247	\$1,382,296	\$1,459,553
Total Net Efficiency Gains from Merged Government	-	-	-	<u>829</u>	<u>(2,913)</u>	<u>(7,810)</u>	<u>(2,852)</u>
Potential Merged Government Service Level	-	-	-	\$1,226,124	\$1,313,160	\$1,390,106	\$1,462,405

Table 1-VIII previously summarized just the net gains in revenues and expenditures for a Merged Government, assuming it was completely operational in FY 1987/88. Table 1-VIII showed \$27.2 million (FY 1987/88 dollars) in net efficiency and revenue gains, but did not incorporate the one-time implementation costs.

Table 3-VIII, below summarizes the total net benefits of the Merged Government, assuming it was implemented completely in FY 1987/88. The \$27.2 million in net efficiency and revenue gains, less \$21 million (FY 1987/88 dollars) in one-time implementation costs, equals \$6.2 million in total net benefits. In other words, Table 3-VIII shows that there should be a total net benefit even if the Merged Government had to absorb all one-time implementation costs in one year.

Table 3-VIII also summarizes projections for FY 1993/94, the first full year of implementation of the Merged Government.

Table 3-VIII
Summary of Annualized and Projected Comparison
of Status Quo and Merged Government Alternatives
(000's of Dollars)

	<u>FY 1987/88</u>	<u>FY 1993/94</u>
Efficiency Gains from Merged Government	\$(21,357)	\$(35,621)
Add-Backs for Metro Government Services	<u>17,083</u>	<u>25,994</u>
Net Efficiency Gains from Merged Government	(4,274)	(9,627)
One-Time Implementation Costs	<u>21,060</u>	<u>6,775</u>
Total Net Efficiency Gains from Merged Government	16,786	(2,852)
Revenue Gains from Merged Government	<u>22,958</u>	<u>27,330</u>
Total Net Benefits from Merged Government	<u>\$ 6,172</u>	<u>\$ 30,182</u>

Table 3-VIII shows projected growth in all of the following categories from FY 1987/88 to FY 1993/94:

•	Efficiency Gains from Merged Government	\$21.4 million - \$35.6 million
•	Add-Backs for Metro Government Services	\$17.1 million - \$26.0 million
•	Net Efficiency Gains from Merged Government	\$4.3 million - \$9.6 million
•	Revenue Gains from Merged Government	\$23.0 million - \$27.3 million

Net efficiency gains more than double during this time period. Also, there is a continued estimated growth in revenue gains.

The \$6.2 million of total net benefits of the Merged Government for FY 1987/88 should not be compared directly to the \$30.2 million in FY 1993/94. This is because the \$6.2 million reflects all one-time implementation costs in just one fiscal year, whereas the \$30.2 million reflects phased one-time implementation costs for only one of the four years. However, assuming no additional one-time implementation costs beyond FY 1993/94, the total net benefits of the Merged Government should substantially exceed \$30 million in FY 1994/95.

SACRAMENTO AD HOC CHARTER COMMISSION

Fiscal and Service Analysis of Local Government Reorganization

APPENDICES



May 30, 1989

Arthur Young



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Arthur Young

555 Capitol Mall, Suite 1400
Sacramento, California 95814-4671
Telephone: 916 443-6756

May 30, 1989

Mr. Roy Brewer
Chairman
Sacramento Ad Hoc Charter Commission
1010 8th Street
Sacramento, California 95814

Dear Mr. Brewer:

Submitted herewith are the appendices to the final report on the fiscal and service analysis of local government reorganization in Sacramento County. Much of this material has been submitted to the Commission previously, and to the administrators of affected city and county departments. Revisions to the appendices based upon review comments have been made where we felt it was appropriate to do so.

We will be available to discuss the report and appendices in detail at the Commission's next meeting. In the interim, if Commission members need clarifications or answers to specific questions, they can call me at 443-6756.

Very truly yours,

ARTHUR YOUNG

Joseph F. Hill
Partner-in-Charge

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APPENDIX A

REVENUE ASSUMPTIONS



APPENDIX A

REVENUE ASSUMPTIONS

In this appendix we explain our revenue assumptions that support our revenue analysis in Section IV. The appendix is organized into the following subsections:

- A. City Revenue Assumptions for the Status Quo Alternative
- B. County Revenue Assumptions for the Status Quo Alternative
- C. Revenue Assumptions for the Merged Government Alternative.

A. CITY REVENUE ASSUMPTIONS FOR STATUS QUO ALTERNATIVE

We included all city funds in the revenue analysis of the Status Quo alternative. Revenue projections were based on information contained in the following documents:

- *Fiscal Year 1988/89 Midyear Revenue Projections*, memorandum to the Council Budget and Finance Committee, from Michael L. Medema, Revenue Manager, February 14, 1989
- *Five-Year Revenue Projections--All Funds*, memorandum to the Council Budget and Finance Committee, from Jack R. Crist, Deputy City Manager, and Michael L. Medema, Revenue Manager, February 14, 1989
- *FY 1988/89 Mid-Year Review*, memorandum to the Council Budget and Finance Committee, from Ken Nishimoto, Budget Manager, February 21, 1989.

The revenue estimates for major tax revenue sources presented in this memorandum were based on a report by Data Resources, Inc. (DRI) provided under contract to the city. Detailed estimates for intergovernmental and gas tax revenue accounts were provided directly by city staff.

FY 1987/88 revenues are actual and FY 1988/89 revenues are midyear estimates. FY 1987/88 revenues were reduced by \$1,418,000 and FY 1988/89 revenues were reduced by \$2,691,000 to account for payments made between funds. Projections from FY 1989/90 through FY 1993/94 were made by the city net of these interfund revenues. The change in fund balances was based on information provided by city staff.

B. COUNTY REVENUE ASSUMPTIONS FOR THE STATUS QUO ALTERNATIVE

All county funds were included in the analysis except special district funds. FY 1987/88 revenues are actual. We based our FY 1988/89 revenue projections on the FY 1988/89 approved budget, adjusted upward by \$9,320,000 based on information provided by county staff. These adjustments are detailed below in Table 1-A.

Table 1-A
Adjustments to County of Sacramento
FY 1988/89 Final Adopted Revenue Schedule
(000's)

<u>Revenue</u>	<u>Adjustment</u>
Property Tax	4,000
Sales Tax	200
Property Transfer Tax	1,200
Fines and Forfeitures	4,336
Use of Money and Property	2,000
Motor Vehicle In-Lieu	1,600
State and Federal Aid	(7,200)
Charges for Services	2,691
Other Revenues	<u>493</u>
Total	9,320

The use of fund balances were calculated based on the FY 1987/88 and FY 1988/89 final budget documents, and information provided by county staff regarding the estimated FY 1988/89 ending balance.

Estimates for FY 1989/90 through FY 1993/94 were based on the assumptions explained in the subsections that follow. These assumptions are based on our review of revenue growth from FY 1983/84 through FY 1988/89, and on discussions with county staff.

1. Property Tax

Property tax revenues were projected for FY 1989/90 through FY 1993/94 based on a 9 percent annual growth rate, provided to us by county staff.

2. Sales Tax

Sale tax revenues for FY 1989/90 through FY 1993/94 were estimated based on a 5.5 percent annual growth rate, provided to us by county staff.

3. Transient Occupancy Tax

Transient occupancy tax revenues were artificially inflated in FY 1987/88 because of an accrual accounting change. County staff anticipate that revenues should grow at a slower pace compared to the FY 1983/84 to FY 1988/89 period because of competition from a new downtown hotel. As a result, we estimated that revenues for FY 1989/90 through FY 1993/94 will grow 10 percent per year, approximately half the rate as the previous five years.

4. Property Transfer Tax

The property transfer tax was projected to be \$4.0 million in FY 1989/90, and to increase by \$200,000 per year through FY 1993/94, based on information provided to us by county staff.

5. Licenses & Permits

The county attempts to recover 100 percent of its costs to administer licenses and permits when not prohibited by statute. At the time of our study, we were not aware of any plans by the county to increase fees for licenses and permits beyond adjustments for cost inflation. For FY 1989/90 through FY 1993/94 we projected growth at an assumed annual

rate of inflation of 5 percent, plus an average annual 2 percent growth in population, for a total increase of 7 percent per year.

6. Fines & Forfeitures

Based on discussions with county staff, our projections assume an annual growth of 5 percent from FY 1989/90 through FY 1993/94.

7. Use of Money & Property

During the past six fiscal years, revenues from the use of money and property have fluctuated largely as a result of changing fund balances and interest rates. From FY 1990/91 through FY 1993/94, these revenues were estimated to remain at the same level as average annual revenues for the FY 1983/84 to FY 1988/89 period.

8. Motor Vehicle In-Lieu Tax

Motor vehicle in-lieu tax revenues were projected to increase 5 percent per year from FY 1989/90 through FY 1993/94 based on discussions with county staff.

9. Trailer Coach In-Lieu Tax

Trailer coach in-lieu tax revenues were projected to remain constant at \$200,000 per year based on discussions with county staff.

10. Cigarette Tax

We projected that cigarette tax revenues would decline by 1 percent per year based on the recent five-year trend.

11. Gas Taxes

City revenue division staff have estimated city gas tax revenues based on information from the state Controller's Office. We assumed the same rate of growth for the county's gas tax revenues through FY 1993/94.

12. State and Federal Aid

The growth in state and federal aid slowed from FY 1983/84 to FY 1987/88. We did not expect this trend to reverse due to constrained state and federal budgets. Consequently, after incorporating changes caused by the Trial Court Funding Act of 1988, we estimated that growth in state and federal aid from FY 1990/91 through FY 1993/94 would average 5.0 percent per year. This is the same growth as occurred in FY 1987/88.

13. Other Intergovernmental Revenues

The primary component of other intergovernmental revenues (about 90 percent) is the home owner's property tax relief subvention. The rate of growth in this subvention is linked to the rate of growth in single family housing units, and consequently is based primarily on population growth. For the period FY 1983/84 through FY 1988/89 subvention revenues grew at an average annual rate of approximately two percent. From FY 1988/89 through FY 1993/94, population in the county is estimated to grow at 80 percent of the rate that occurred during the prior six years. Therefore, we estimated that other intergovernmental revenues would grow at 1.6 percent annually.

14. Charges for Services

The county attempts to recover 100 percent of its costs for services when not prohibited by statute. At the time of this study, we were not aware of any plans by the county to increase charges for services beyond adjustments for cost inflation. We estimated growth from FY 1989/90 through FY 1993/94 at an assumed annual rate of inflation of 5 percent, plus an average annual 2 percent growth in population, for a total increase of 7 percent per year.

15. Other Revenues

Other revenues were estimated to remain at the FY 1988/89 level through FY 1993/94.

16. Enterprise Funds

We estimated that enterprise fund revenues would grow at the same average annual rate from FY 1988/89 through FY 1993/94 as they increased from FY 1983/84 through FY 1988/89, or 3.8 percent annually. In addition, we made one negative adjustment of \$10.2 million to our FY 1989/90 projection based on proceeds from a FY 1988/89 debt issue in the airport enterprise fund in FY 1988/89.

17. Internal Service Funds

Net internal service fund revenues are all revenues received from sources outside of the funds included in the analysis, i.e. revenues received from all special district funds and all external sources. We estimated that net internal fund revenues would grow at the same average annual rate from FY 1988/89 through FY 1993/94 as they increased from FY 1983/84 through FY 1988/89, or 4.7 percent annually.

C. REVENUE ASSUMPTIONS FOR THE MERGED GOVERNMENT ALTERNATIVE

Our FY 1987/88 revenue estimates for the merged government alternative are based on the sum of actual FY 1987/88 revenues for the city and the county under the status quo alternative, with the following adjustments:

- The city's community center fund was eliminated and revenue was added to the county's transient occupancy tax revenue because revenues for the city's fund were primarily from the transient occupancy tax.
- The city's gas tax fund was eliminated and \$254,000 of interest earnings was added as revenue to use of money and property.
- Revenues that the city paid the county of \$380,000, and that the county paid the city of \$1,502,000 were eliminated to avoid double counting revenues when the two governments merge. The total negative adjustment was \$1,882,000 in the category of other intergovernmental revenues
- The motor vehicle in—lieu, trailer coach in—lieu, cigarette, and gas tax revenues were estimated based on assumptions regarding which statutory apportionments would apply to the combined city and county. These assumptions are presented on the following page in **Exhibit A-1**. Using these assumption, we developed models of each state subvention to estimate the revenues under the Merged Government alternative for FY 1987/88. These models are described in the subsections following Exhibit A-1.

1. Motor Vehicle In—Lieu Tax

The model that we developed to analyze the revenue impact for the motor vehicle in—lieu (MVIL) tax under the Increased Incorporations and Annexations alternative and the Merged Government is presented on the page following Exhibit A-1 in **Exhibit A-2**. All statute references refer to the Revenue and Taxation Code. The model is based on the following assumptions:

- The following status quo assumptions were based on actual data for FY 1987/88:
 - Population for cities in Sacramento County
 - MVIL total tax revenues for all cities
 - Sec. 11005(d) apportionment and total MVIL apportionment to Sacramento County
 - Sec. 11005(c) apportionment to the City of Sacramento.

Assumptions for State Subventions Under the Merged Government Scenario

Subvention/Statute	Allocation To:		Merged Gov't
	Cities	Counties	
Motor Vehicle In-Lieu Tax			
Revenue & Taxation Code			
Sec. 11005(c)	Yes	No	Yes
Sec. 11005(d)	No	Yes	Yes
Trailer Coach In-Lieu Tax			
Revenue & Taxation Code			
Sec. 11003.4(a)(1)	Yes	Yes	Yes
Sec. 11003.4(b)	No	Yes	No
Cigarette Tax			
Revenue & Taxation Code			
Sec. 30462(b)(1)	No	Yes	Yes
Sec. 30462(b)(3)	Yes	No	No
Highway Users Tax			
Street & Highways Code			
Sec. 2104(a)	No	Yes	Yes
Sec. 2104(d)	No	Yes	Yes
Sec. 2106(a)(2)	Yes	Yes	Yes
Sec. 2106(c)(2)(3)	No	Yes	Yes
Sec. 2106(c)(3)	Yes	No	No
Sec. 2107	Yes	No	Yes
Sec. 2107.5	Yes	No	Yes

- (1) We assumed that the Merged Government would receive one-third of the tax as a city and one-third as a county, for a total of two thirds of the tax. The remaining one-third is apportioned to school districts.
- (2) We assumed that the Merged Government would receive both the \$400 per month and the \$800 per month allocations as a city and county.
- (3) We assumed that assessed valuation would be the basis for the allocation between the Merged Government and the Cities of Folsom, Galt, and Isleton. We used this assumption because it produced the minimum impact on revenues to the Cities of Folsom, Galt, and Isleton, compared to basing the allocation between the Merged Government and the cities on populations.

MOTOR VEHICLE IN-LIEU (MVIL) TAX ESTIMATES FY 1987-88

	Status Quo	Citrus Heights	Incorporations Elk Grove	Rancho Cordova	Rio Linda-Elverta	All Incorporat.	Sacramento	Annexations Folsom	All Annex.	All Incorp. & Annex.	Merged Gov't
Population											
City of Sacramento	340,559	340,559	340,559	340,559	340,559	340,559	340,559	340,559	340,559	340,559	NA
Folsom, Galt, Isleton	32,716	32,716	32,716	32,716	32,716	32,716	32,716	32,716	32,716	32,716	32,716
Incorp./annex./merger	0	72,878	20,531	83,488	19,070	195,967	414	0	414	196,381	929,184 *
All cities in state	21,393,000	21,466,000	21,414,000	21,476,000	21,412,000	21,589,000	21,393,000	21,393,000	21,393,000	21,589,000	21,982,000
MVIL Tax for all Cities	684,221,000	684,221,000	684,221,000	684,221,000	684,221,000	684,221,000	684,221,000	684,221,000	684,221,000	684,221,000	684,221,000
County of Sacramento											
Sec. 11005(d)	23,308,000	23,308,000	23,308,000	23,308,000	23,308,000	23,308,000	23,308,000	23,308,000	23,308,000	23,308,000	NA
Sec. 11005(b)	8,622,000	8,622,000	8,622,000	8,622,000	8,622,000	8,622,000	8,622,000	8,622,000	8,622,000	8,622,000	NA
Total	31,930,000	31,930,000	31,930,000	31,930,000	31,930,000	31,930,000	31,930,000	31,930,000	31,930,000	31,930,000	NA
City of Sacramento (not incl. annex.)											
Sec. 11005(c)	10,892,000	10,855,000	10,882,000	10,850,000	10,883,000	10,793,000	10,892,000	10,892,000	10,892,000	10,793,000	NA
Variance vs. status quo	0	(37,000)	(10,000)	(42,000)	(9,000)	(99,000)	0	0	0	(99,000)	NA
Incorp./Annex./Merged Gov't											
Sec. 11005(c) and (d)**	0	2,323,000	656,000	2,660,000	609,000	6,248,000	13,000	0	13,000	6,261,000	52,230,000
18 3/4% allocation	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	8,622,000
Total	0	2,323,000	656,000	2,660,000	609,000	6,248,000	13,000	0	13,000	6,261,000	60,852,000

* Population for the Merged Government equals City of Sacramento population plus the unincorporated population of 588,625.

** Incorporations and annexations were apportioned under Sec. 11005(c) only, and the Merged Government under both Sec. 11005(c) and Sec. 11005(d).

- The following status quo assumptions for FY 1987/88 were estimated based on the actual data listed above and application of the apportionment formula:
 - Population of all cities in the state
 - Sec. 11005(b) apportionment to Sacramento County.

To estimate the revenue impact on incorporating and annexing cities, the City of Sacramento, and the Merged Government we added the estimated population of the newly incorporated or annexed land to the statewide population of all cities, and calculated new apportionments based on the entities' population as a percentage of the new total statewide cities population. This percentage was multiplied by the total statewide apportionment of MVIL revenues to cities to calculate revenue. The population that we used for the merged government included the population of the city plus the population of the unincorporated area. Certain individual amounts may not sum to subtotals or totals because of the effect of the apportionment formula.

2. Trailer Coach In-Lieu Tax

The model that we developed to analyze the revenue impact for the trailer coach in-lieu (TCIL) tax under the Increased Incorporations and Annexations and the Merged Government alternatives is presented on the following page in **Exhibit A-3**. The model is based on the following assumptions:

- The following status quo assumptions were based on actual data for FY 1987/88:
 - Population for cities and unincorporated area in Sacramento County
 - TCIL total tax revenues for the county
 - TCIL total tax revenues for the city.
- The following status quo assumption for FY 1987/88 were estimated based on the actual data listed above and application of the apportionment formula:
 - TCIL tax revenues for the unincorporated area.

To estimate the revenue impact on incorporating and annexing cities, the City of Sacramento, and the Merged Government we reduced revenues to a per capita basis using the population of the entire county. We assumed that one-sixth of this revenue per capita

TRAILER COACH IN-LIEU (TCIL) TAX ESTIMATES FY 1987-88

	Status Quo	Incorporations				All Incorp.	Annexations			All Inc. & Annex.	Merged Gov't
		Citrus Heights	Elk Grove	Rancho Cordova	Rio Linda Elverta		Sacramento	Folsom			
Population											
Unincorporated area	588,625										
City of Sacramento	340,559										
Cities of Folsom, Galt, Isleton	32,716										
Total County	961,900										
New city/annexation	0	72,878	20,531	83,488	19,070	195,967	414	0	414	196,381	929,184
Trailer Coach In-Lieu Taxes											
County TCIL taxes	408,000										
Unincorporated area portion	276,000										
Uninc. area TCIL taxes per cap.	\$0.4689										
Portion Transferred per cap. (1/6)	\$0.0782	\$0.0782	\$0.0782	\$0.0782	\$0.0782	\$0.0782	\$0.0782	\$0.0782	\$0.0782	\$0.0782	\$0.0782
County of Sacramento											
Unincorporated area population	588,625	515,747	568,094	505,137	569,555	392,658	588,211	588,625	588,211	392,244	NA
TCIL tax revenue	408,000	402,000	406,000	401,000	407,000	393,000	408,000	408,000	408,000	393,000	NA
Variance vs. status quo	0	(6,000)	(2,000)	(7,000)	(1,000)	(15,000)	0	0	0	(15,000)	NA
City of Sacramento											
TCIL tax revenue	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	NA
Variance vs. status quo	0	0	0	0	0	0	0	0	0	0	NA
Incorporation/Annex/Merged Gov't											
New city's TC tax revenue	0	6,000	2,000	7,000	1,000	15,000	< 50	0	< 50	15,000	532,000

would be transferred from the unincorporated area to an incorporating or annexing city, based on the apportionment formula. Merged Government estimates equal the status quo revenues for the city and the county, plus one-sixth of TCIL revenues per capita multiplied by the unincorporated area population. Certain individual amounts may not sum to subtotals or totals because of the effect of the apportionment formula.

3. Cigarette Tax

The model that we developed to analyze the revenue impact for the cigarette tax under the Increased Incorporations and Annexations and the Merged Government alternatives is presented on the following pages in **Exhibit A-4**. The model is based on the following assumptions:

- The following status quo assumptions were based on actual data for FY 1987/88:
 - Total cigarette tax revenues for the state and for all cities in the state
 - Cigarette tax revenues for Sacramento County and the City of Sacramento.
- The following status quo assumptions for FY 1987/88 were estimated based on the actual data listed above and application of the apportionment formula:
 - Population of all cities in the state
 - Cigarette tax apportionment per capita
 - Total sales taxes for the state and for all cities in the state.

To estimate the revenue impact on incorporating and annexing cities, the City of Sacramento, and the Merged Government we first calculated the status quo sales tax basis (tax apportionment as a percentage of sales taxes) and the status quo population basis (tax apportionment per capita). For each incorporation and annexation we added the estimated population of the newly incorporated or annexed land to the statewide population of all cities, and calculated a new population basis for the apportionment. We did the same with sales taxes to calculate a new sales tax basis. With these new bases we estimated tax revenue to the new or annexing city. We also estimated the loss to the county based on its decreased share of total state sales taxes. For the Merged Government, we assumed the entity would receive an apportionment as a county only.

CIGARETTE TAX ESTIMATES FY 1987-88

	Status Quo	Citrus Heights	Elk Grove	Incorporations Rancho Cordova	Rio Linda-Elverta	All Incorporat.	Sacramento	Folsom	Annexations All	All Incorp. & Annex.	Merged Gov't
Population											
All cities (before)	24,413,000	24,413,000	24,413,000	24,413,000	24,413,000	24,413,000	24,413,000	24,413,000	24,413,000	24,413,000	24,413,000
Incorp./annex./merger	0	72,878	20,531	83,488	19,070	195,967	414	0	414	196,381	0
All cities (after)	24,413,000	24,485,878	24,433,531	24,496,488	24,432,070	24,608,967	24,413,414	24,413,000	24,413,414	24,609,381	24,413,000
Total Sales Taxes											
All cities (before)	2,058,664,000	2,058,664,000	2,058,664,000	2,058,664,000	2,058,664,000	2,058,664,000	2,058,664,000	2,058,664,000	2,058,664,000	2,058,664,000	2,058,664,000
Incorp./annex./merger	0	7,169,000	955,000	5,262,000	561,000	13,947,000	12,200	0	12,200	13,959,200	0
All cities (after)	2,058,664,000	2,065,833,000	2,059,619,000	2,063,926,000	2,059,225,000	2,072,611,000	2,058,676,200	2,058,664,000	2,058,676,200	2,072,623,200	2,058,664,000
All state	2,437,731,000	2,437,731,000	2,437,731,000	2,437,731,000	2,437,731,000	2,437,731,000	2,437,731,000	2,437,731,000	2,437,731,000	2,437,731,000	2,437,731,000
All cities % of all state	84.45%	84.74%	84.49%	84.67%	84.47%	85.02%	84.45%	84.45%	84.45%	85.02%	84.45%
Total Cigarette Taxes											
All state	73,430,000	73,430,000	73,430,000	73,430,000	73,430,000	73,430,000	73,430,000	73,430,000	73,430,000	73,430,000	73,430,000
Cities % of state	84.45%	84.74%	84.49%	84.67%	84.47%	85.02%	84.45%	84.45%	84.45%	85.02%	84.45%
All cities cigarette tax	62,010,000	62,225,000	62,041,000	62,173,000	62,026,000	62,430,000	62,012,000	62,012,000	62,012,000	62,430,000	62,012,000
Sales tax basis											
All cities sales taxes	2,058,664,000	2,065,833,000	2,059,619,000	2,063,926,000	2,059,225,000	2,072,611,000	2,058,676,200	2,058,664,000	2,058,676,200	2,072,623,200	2,058,664,000
50% of all cities cig. tax	31,005,000	31,112,500	31,020,500	31,086,500	31,013,000	31,215,000	31,006,000	31,006,000	31,006,000	31,215,000	31,006,000
Sales tax basis	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%
Population basis											
All cities population	24,413,000	24,485,878	24,433,531	24,496,488	24,432,070	24,608,967	24,413,414	24,413,000	24,413,414	24,609,381	24,413,000
50% of all cities cig. tax	31,005,000	31,112,500	31,020,500	31,086,500	31,013,000	31,215,000	31,006,000	31,006,000	31,006,000	31,215,000	31,006,000
Per capita basis	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27
Sacramento County or Mergered Gov't											
Sales taxes (before)	52,655,000	52,655,000	52,655,000	52,655,000	52,655,000	52,655,000	52,655,000	52,655,000	52,655,000	52,655,000	52,655,000
Incorp./annex./merger	0	(7,169,000)	(955,000)	(5,262,000)	(561,000)	(13,947,000)	(12,200)	0	(12,200)	(13,959,200)	32,565,000
Sales taxes (after)	52,655,000	45,486,000	51,700,000	47,393,000	52,094,000	38,708,000	52,642,800	52,655,000	52,642,800	38,695,800	85,220,000
Cty/merged sales % of sta	2.16%	1.87%	2.12%	1.94%	2.14%	1.59%	2.16%	2.16%	2.16%	1.59%	3.50%
Cigarette taxes (all state)	73,430,000	73,430,000	73,430,000	73,430,000	73,430,000	73,430,000	73,430,000	73,430,000	73,430,000	73,430,000	73,430,000
County's cigarette tax	1,583,000	1,373,000	1,557,000	1,425,000	1,571,000	1,168,000	1,583,000	1,583,000	1,583,000	1,168,000	2,570,000
Variance from status quo	0	(210,000)	(26,000)	(158,000)	(12,000)	(415,000)	0	0	0	(415,000)	987,000

CIGARETTE TAX ESTIMATES FY 1987-88

	Status Quo	Citrus Heights	Elk Grove	Incorporations Rancho Cordova	Rio Linda- Elverta	All Incorporat.	Annexations Sacramento	Folsom	All Annexations	All Incorp. & Annex.	Merged Gov't
City of Sacramento (not incl. annex.)											
Sales taxes	32,565,000	32,565,000	32,565,000	32,565,000	32,565,000	32,565,000	32,565,000	32,565,000	32,565,000	32,565,000	NA
Sales tax basis	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	NA
Cigarette tax (subtotal)	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000	NA
Population	340,559	340,559	340,559	340,559	340,559	340,559	340,559	340,559	340,559	340,559	NA
Per capita basis	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	NA
Cigarette tax (subtotal)	434,000	433,000	433,000	433,000	433,000	433,000	433,000	433,000	433,000	433,000	NA
City's cigarette tax	926,000	926,000	926,000	926,000	926,000	926,000	926,000	926,000	926,000	926,000	NA
Variance from status quo	0	0	0	0	0	0	0	0	0	0	NA
Incorporation/Annexation											
Sales taxes	0	7,169,000	955,000	5,262,000	561,000	13,947,000	12,200	0	12,200	13,959,200	NA
Sales tax basis	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	NA
Cigarette tax (subtotal)	0	108,000	14,000	79,000	8,000	211,000	200	0	200	211,200	NA
Population	0	72,878	20,531	83,488	19,070	195,967	414	0	414	196,381	NA
Per capita basis	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	\$1.27	NA
Cigarette tax (subtotal)	0	93,000	26,000	106,000	24,000	249,000	500	0	500	249,500	NA
City/annex. cigarette tax	0	201,000	40,000	185,000	32,000	460,000	700	0	700	460,700	NA

4. Highway Users (Gas) Tax

The model that we developed to analyze the revenue impact for the highway users (gas) tax under the Increased Incorporations and Annexations alternative and the Merged Government is presented on the following page in **Exhibit A-5**. All statute references refer to the Streets and Highways Code. The model is based on the following assumptions:

- The following status quo assumptions were based on actual data for FY 1987/88:
 - Population for the City of Sacramento and the unincorporated area of Sacramento County
 - Assessed valuation for the city and the county
 - Total statewide apportionment of gas tax revenues under Sec. 2107
 - City of Sacramento gas tax revenues under Sec. 2106(c) and 2107
 - Sacramento County gas tax revenues under Sec. 2104(d) and 2106(c).
- The following status quo assumptions for FY 1987/88 were estimated based on the actual data listed above and application of the apportionment formula:
 - Population of all cities statewide
 - Total apportionment to Sacramento County and the Cities of Folsom, Galt, and Isleton within the county under Sec. 2106(c).

To estimate the revenue impact on incorporating and annexing cities, the City of Sacramento, and the Merged Government we used the change in assessed valuation for the incorporated area of the county to apportion Sec. 2106(c) tax revenues between the county and the cities in the county. We apportioned those revenues between the cities based on population. We apportioned Sec 2107 taxes to the cities based on population compared to total population of all cities in the state, multiplied by total Sec 2107 tax revenues available to all cities in the state. Under the Merged Government, we assumed that Sec. 2106(c) taxes would be apportioned to the combined city and county on an assessed valuation basis, and to the remaining cities in the county on a population basis.

HIGHWAY USERS (GAS) TAX ESTIMATES FY 1987-88

	Status Quo	Citrus Heights	Elk Grove	Incorporations Rancho Cordova	Rio Linda-Elverta	All Incorporat.	Annexations Sacramento	Folsom	All Annexations	All Incorp. & Annex.	Merged Government
Assessed Valuation of Property											
Unincorp. area (before)	18,401,826,000	18,401,826,000	18,401,826,000	18,401,826,000	18,401,826,000	18,401,826,000	18,401,826,000	18,401,826,000	18,401,826,000	18,401,826,000	18,401,826,000
Incorp/annex/merger	0	1,991,898,000	1,000,992,000	1,980,000,000	357,209,000	5,330,099,000	14,690,000	500,000	15,190,000	5,345,289,000	10,844,933,104
Unincorp. area (after)	18,401,826,000	16,409,928,000	17,400,834,000	16,421,826,000	18,044,617,000	13,071,727,000	18,387,136,000	18,401,326,000	18,386,636,000	13,056,537,000	29,246,759,104
Total Sacto area a.v.	30,319,839,000	30,319,839,000	30,319,839,000	30,319,839,000	30,319,839,000	30,319,839,000	30,319,839,000	30,319,839,000	30,319,839,000	30,319,839,000	30,319,839,000
Uninc. a.v. % of total	60.69%	54.12%	57.39%	54.16%	59.51%	43.11%	60.64%	60.69%	60.64%	43.06%	96.46%
Population											
City of Sacramento	340,559	340,559	340,559	340,559	340,559	340,559	340,559	340,559	340,559	340,559	NA
Folsom, Galt, Isleton	32,716	32,716	32,716	32,716	32,716	32,716	32,716	32,716	32,716	32,716	32,716
Incorp/annex/merger	0	72,878	20,531	83,488	19,070	195,967	414	0	414	196,381	929,184
All cities in Sacto city	373,275	446,153	393,806	456,763	392,345	569,242	373,689	373,275	373,689	569,656	961,900
All cities in state	22,421,000	22,493,878	22,441,531	22,504,488	22,440,070	22,616,967	22,421,414	22,421,000	22,421,414	22,617,381	23,350,184
Total Section 2106(c) Taxes											
Sacto area total 2106(c)	4,727,000	4,727,000	4,727,000	4,727,000	4,727,000	4,727,000	4,727,000	4,727,000	4,727,000	4,727,000	4,727,000
Uninc. a.v. % of total	60.69%	54.12%	57.39%	54.16%	59.51%	43.11%	60.64%	60.69%	60.64%	43.06%	96.46%
County's 2106(c) taxes	2,869,000	2,558,000	2,713,000	2,560,000	2,813,000	2,038,000	2,866,000	2,869,000	2,866,000	2,035,000	4,560,000
Cities' 2106(c) taxes	1,858,000	2,169,000	2,014,000	2,167,000	1,914,000	2,689,000	1,861,000	1,858,000	1,861,000	2,692,000	167,000
Total Section 2107 Taxes											
State total 2107 taxes	196,195,000	196,195,000	196,195,000	196,195,000	196,195,000	196,195,000	196,195,000	196,195,000	196,195,000	196,195,000	196,195,000
County of Sacramento											
2104(a) taxes	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	NA
2104(d) taxes	10,145,000	10,145,000	10,145,000	10,145,000	10,145,000	10,145,000	10,145,000	10,145,000	10,145,000	10,145,000	NA
2106(a) taxes	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	NA
2106(c) taxes	2,869,000	2,558,000	2,713,000	2,560,000	2,813,000	2,038,000	2,866,000	2,869,000	2,866,000	2,035,000	NA
Total gas taxes	13,044,000	12,733,000	12,888,000	12,735,000	12,988,000	12,213,000	13,041,000	13,044,000	13,041,000	12,210,000	NA
Var. vs. status quo	0	(311,000)	(156,000)	(309,000)	(56,000)	(831,000)	(3,000)	0	(3,000)	(834,000)	NA
City of Sacramento (not Incl. annex.)											
Pop. % all cities in city	91.24%	76.33%	86.48%	74.56%	86.80%	59.83%	91.13%	91.24%	91.13%	59.78%	NA
2106(a) taxes	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	NA
2106(c) taxes	1,701,000	1,656,000	1,742,000	1,616,000	1,661,000	1,609,000	1,696,000	1,695,000	1,696,000	1,609,000	NA
2107 taxes	2,980,000	2,970,000	2,977,000	2,969,000	2,978,000	2,954,000	2,980,000	2,980,000	2,980,000	2,954,000	NA
2107.5 taxes	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	NA
Total gas taxes	4,696,000	4,641,000	4,734,000	4,600,000	4,654,000	4,578,000	4,691,000	4,690,000	4,691,000	4,578,000	NA
Var. vs. status quo	0	(55,000)	38,000	(96,000)	(42,000)	(118,000)	(5,000)	(6,000)	(5,000)	(118,000)	NA

HIGHWAY USERS (GAS) TAX ESTIMATES FY 1987-88

	Status Quo	Citrus Heights	Elk Grove	Incorporations Rancho Cordova	Rio Linda- Elverta	All Incorporat.	Sacramento	Annexations Folsom	All Annexations	All Incorp. & Annex.	Merged Government
Incorp./Annex./Merged Gov't											
Pop. % all cities in city	0.00%	16.33%	5.21%	18.28%	4.86%	34.43%	0.11%	0.00%	0.11%	34.47%	NA
2104(a) taxes	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	20,000
2104(d) taxes	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	10,145,000
2106(a) taxes	0	5,000	5,000	5,000	5,000	20,000	0	0	0	20,000	14,000
2106(c) taxes	0	354,000	105,000	396,000	93,000	948,000	2,000	0	2,000	950,000	4,560,000
2107 taxes	0	636,000	179,000	728,000	167,000	1,700,000	4,000	0	4,000	1,704,000	7,807,000
2107.5 taxes	0	8,000	5,000	8,000	4,000	25,000	0	0	0	25,000	20,000
Total gas taxes	0	1,003,000	294,000	1,137,000	269,000	2,703,000	6,000	0	6,000	2,709,000	22,566,000

APPENDIX B

DETAILED STAFFING ESTIMATES SUPPORTING EXPENDITURE ANALYSIS (SECTION VI)

FUNCTIONAL DEFINITION OF SERVICE COST CATEGORIES --

METRO GOVERNMENT LEGISLATIVE

SERVICE COST CATEGORIES

City

County

METRO LEGISLATIVE

City Council/Mayor

Board of Supervisors

CLERK

City Clerk

Clerk - Board of Supervisors

METRO LEGISLATIVE STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TOTAL

	ELECTED OFFICIAL		DEPARTMENT DIRECTOR	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	9		1	1	1	6.75	15	24.75
COUNTY	5		1	0	1	11	9.5	22.5
STATUS QUO	14		2	1	2	17.75	24.5	47.25
MERGED GOVERNMENT	10		1	2	1	17.75	20.5	42.25
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(4)		(1)	1	(1)	0	(4)	(5)

METRO LEGISLATIVE STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

METRO LEGISLATIVE

	ELECTED OFFICIAL	DEPARTMENT DIRECTOR	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	9	0	0	1	5 ^(a)	8	14
COUNTY	5	0	0	0	5	6	11
STATUS QUO	14	0	0	1	10	14	25
MERGED GOVERNMENT	10 ^(b)	0	1	1	11	13 ^(c)	26
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(4)	0	1	0	1	(1)	1

Rationale for Personnel Efficiency Gains

- (a) Includes 4 administrative assistant positions from City Manager's budget unit.
- (b) One Mayor and 9 Metro Board Members required.
- (c) Consolidation should allow efficiency gain of one clerical position.

METRO LEGISLATIVE STAFFING ESTIMATES --
 STATUS QUO AND MERGED GOVERNMENTS
 FY 1987/88

CLERK

	ELECTED OFFICIAL	DEPARTMENT DIRECTOR	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	1	1	0	1.75	7	10.75
COUNTY	0	1	0	1	6	3.5	11.5
STATUS QUO	0	2	1	1	7.75	10.5	22.25
MERGED GOVERNMENT	0	1 ^(a)	1 ^(b)	0 ^(b)	6.75 ^(c)	7.5 ^(d)	16.25
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	(1)	0	(1)	(1)	(3)	(6)

Rationale for Personnel Efficiency Gains

- (a) Only one clerk required to manage unit.
- (b) Only one assistant/supervisor position needed between these classifications.
- (c) Consolidated workload should allow efficiency gain of one position.
- (d) Consolidated office/clerical work should permit efficiency gain of approximately 30% (3 FTEs).

FUNCTIONAL DEFINITION OF SERVICE COST CATEGORIES --

ADMINISTRATION AND FINANCE

SERVICE COST CATEGORIES	City	County
METRO ADMINISTRATION	City Manager	County Executive Officer
LEGAL	City Attorney	County Counsel
FINANCE ADMINISTRATION/BUDGETING	Finance Department -- Administration Division Budget Division	Administration and Finance Agency
TAX COLLECTION/LICENSING/CASHIERING	Finance Department -- Revenue Division	Treasurer/Tax Collector -- Collection and Licensing Division Treasury Division Investment Accounting & Cashiering Section Bond Assessment Section
TREASURY	City Treasurer	Treasurer/Tax Collector Administrative Services Division Investment Division Retirement Accounting Division Treasury Division Fiscal Agent Accounting Section Treasury Operations and Accounting Section Remittance Processing Section
AUDIT AND ACCOUNTING	Finance Department -- Accounting Division	Auditor/Controller

ADMINISTRATION AND FINANCE STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TOTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	5	7	3	6	70.9	29.5	121.4
COUNTY	5	10	8	20	91	87.5	221.5
STATUS QUO	10	17	11	26	161.9	117	342.9
MERGED GOVERNMENT	5	14	9	23	138.9	104	293.9
b-6 FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(5)	(3)	(2)	(3)	(23)	(13)	(49)

ADMINISTRATION AND FINANCE STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

METRO ADMINISTRATION

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	2	2	1	2 ^(a)	3	11
COUNTY	1	1	0	0	0	1	3
STATUS QUO	2	3	2	1	2	4	14
MERGED GOVERNMENT	1 ^(b)	4 ^(c)	0 ^(c)	0 ^(d)	2	5 ^(e)	12
B-7 FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	1	(2)	(1)	0	1	(2)

Rationale for Personnel Efficiency Gains

- (a) Four administrative assistant positions allocated to the City Manager budget unit have been included in the "Legislative" service area analysis.
- (b) Only one manager/executive officer required for Metro Government.
- (c) Four upper management positions required for Metro Government (net reduction of one position).
- (d) Consolidated supervisory responsibilities should allow efficiency gain of one position.
- (e) One clerical for each upper management position.

ADMINISTRATION AND FINANCE STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

FINANCE ADMINISTRATION
AND BUDGETING

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	1	0	0	10.5	2	14.5
COUNTY	1	1	4	1	20	7.5	34.5
STATUS QUO	2	2	4	1	30.5	9.5	49
MERGED GOVERNMENT	1 (a)	1 (b)	4	1	25 (c)	7.5 (d)	39.5
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(1)	0	0	(5.5)	(2)	(9.5)

Rationale for Personnel Efficiency Gains

- (a) Only one department director required.
- (b) Only one assistant/division leader required.
- (c) Consolidated accounting/administrative workload should allow efficiency gain of about 18 percent.
- (d) Consolidated finance operations should allow efficiency gain of two clerical positions.

ADMINISTRATION AND FINANCE STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

LEGAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	1	0	0 ^(a)	12.4 ^(a)	6	20.4
COUNTY	1	1	0	6	23	12	43
STATUS QUO	2	2	0	6	35.4	18	63.4
MERGED GOVERNMENT	1 ^(b)	2	0	6	29.4 ^(c)	15 ^(d)	53.4
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	0	0	0	(6)	(3)	(10)

Rationale for Personnel Efficiency Gains

- (a) The City Attorney has six attorney IV positions that provide supervisory functions in addition to normal legal activities.
- (b) Only one attorney needed to manage unit.
- (c) Consolidated legal activities should allow efficiency gain of about 17 percent.
- (d) Consolidated office/clerical work should permit efficiency gain of about 17 percent.

ADMINISTRATION AND FINANCE STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TAX COLLECTION/LICENSING/
CASHIERING

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	1	1	4	32	6.5	44.5
COUNTY	0	1	0	3	16	24	44
STATUS QUO	0	2	1	7	48	30.5	88.5
B-10 MERGED GOVERNMENT	0	1 ^(a)	1	6 ^(b)	43 ^(c)	27.5 ^(d)	78.5
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	(1)	0	(1)	(5)	(3)	(10)

Rationale for Personnel Efficiency Gains

(a) Only one division leader required.

(b) Consolidated supervisory responsibilities should permit efficiency gain of one position.

(c) Consolidated collection/licensing/cashiering operations should provide efficiency gain of approximately 10 percent (5 FTEs).

(d) Consolidated office/clerical work should allow efficiency gain of about 10 percent (3 FTEs).

ADMINISTRATION AND FINANCE STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TREASURY

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	1	0	1	5	2	10
COUNTY	1	4	0	1	5	11	22
STATUS QUO	2	5	0	2	10	13	32
MERGED GOVERNMENT	1 ^(a)	4 ^(b)	0	1 ^(c)	7.5 ^(d)	12 ^(e)	25.5
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(1)	0	(1)	(2.5)	(1)	(6.5)

Rationale for Personnel Efficiency Gains

- (a) Only one department director required.
- (b) Consolidation should allow efficiency gain of one assistant/division leader.
- (c) Consolidated operations should allow efficiency gain of one supervisor.
- (d) Consolidated treasury operations should allow efficiency gain of 2.5 positions.
- (e) Consolidated office/clerical work should allow efficiency gain of one clerical position.

INFORMATION SYSTEMS AND
DATA MANAGEMENT STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

TOTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	0	3	5	39	2	50
COUNTY	1	2	9	23	120	6	161
STATUS QUO	2	2	12	28	159	8	211
MERGED GOVERNMENT	1	2	9	23	146	7	188
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	0	(3)	(5)	(13)	(1)	(23)

INFORMATION SYSTEMS AND
DATA MANAGEMENT STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

ADMINISTRATION

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	0	0	0	0	1	2
COUNTY	1	0	1	1	3	5	11
STATUS QUO	2	0	1	1	3	6	13
MERGED GOVERNMENT	(a) 1	0	1	1	3	(b) 5	11
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	0	0	0	0	(1)	(2)

Rationale for Personnel Efficiency Gains:

(a) Only one department head required.

(b) Only one department secretary required.

INFORMATION SYSTEMS AND
DATA MANAGEMENT STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

COMPUTER OPERATIONS

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	1	1	9	1	12
COUNTY	0	1	1	8	43	1	54
STATUS QUO	0	1	2	9	52	2	66
MERGED GOVERNMENT	0	1	1 (a)	8 (b)	48 (c)	2	60
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	(1)	(1)	(4)	0	(6)

Rationale for Personnel Efficiency Gains:

- (a) Only one position needed.
- (b) Merged units will not require as many supervisors.
- (c) Operations for merged unit should achieve economies of scale.

INFORMATION SYSTEMS AND
DATA MANAGEMENT STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

TECHNICAL SYSTEMS

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	1	1	4	0	6
COUNTY	0	0	2	5	17	0	24
STATUS QUO	0	0	3	6	21	0	30
MERGED GOVERNMENT	0	0	2 ^(a)	5 ^(b)	20 ^(c)	0	27
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	(1)	(1)	(1)	0	(3)

Rationale for Personnel Efficiency Gains:

- (a) Efficiency gain of one manager.
- (b) Economies of scale should achieve efficiency gain.
- (c) Only one help desk operator needed.

INFORMATION SYSTEMS AND
DATA MANAGEMENT STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

SYSTEMS AND PROGRAMMING

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	1	2	11	0	14
COUNTY	0	1	5	7	51	0	64
STATUS QUO	0	1	6	9	62	0	78
MERGED GOVERNMENT	0	1	(a) 5	(b) 7	(c) 57	0	70
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	(1)	(2)	(5)	0	(8)

Rationale for Personnel Efficiency Gains:

- (a) Efficiency gain of one position due to new organizational structure.
- (b) Economies of scale should provide efficiency gain of two positions.
- (c) Efficiency gains from elimination of duplicate applications, such as Financial, and Systems Maintenance, such as Adabas.

INFORMATION SYSTEMS AND
DATA MANAGEMENT STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

USER DEPARTMENTS

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	0	1	15	0	16
COUNTY	0	0	0	2	6	0	8
STATUS QUO	0	0	0	3	21	0	24
MERGED GOVERNMENT	0	0	0	2 ^(a)	18 ^(b)	0	20
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	(1)	(3)	0	(4)

Rationale for Personnel Efficiency Gains:

- (a) Merged law enforcement units should allow gain of one supervisor.
- (b) Merged law enforcement units should allow gain of two analysts. Merged public works support staff should allow gain of one analyst/operator.

FUNCTIONAL DEFINITION OF SERVICE COST CATEGORIES --

PERSONNEL ADMINISTRATION

SERVICE COST CATEGORIES	City	County
ADMINISTRATION	Administration Division Temporary Clerical Pool Civil Service Board	Administrative Services Special Employment/ Affirmative Action Division Training Office Civil Service Commission
PERSONNEL DEVELOPMENT	Management Services Division	Management Services Division -- Examination Administration and Development -- Classification and Pay -- Volunteer Services
EMPLOYEE SERVICES/RELATIONS	Employee Services Division Occupational Health and Safety Division Risk Management Division (Department of Finance) Employee Relations Department Administrative, Investment, and Fiscal Management Board (SCERS) Retirement Hearing Commission	Employee Services Division -- Employee Insurance -- Risk Management -- Employee Health -- Personnel Actions -- Personnel Systems Development Employee Relations Division Board of Retirement

PERSONNEL ADMINISTRATION STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TOTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	4	1	5	22	35	68
COUNTY	1	4	6	12	42.5	42	107.5
STATUS QUO	2	8	7	17	64.5	77	175.5
MERGED GOVERNMENT	1	5	6	13	54.5	72	151.5
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(3)	(1)	(4)	(10)	(5)	(24)

PERSONNEL ADMINISTRATION STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

ADMINISTRATION

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	0	0	0	2	21.5 [*]	24.5
COUNTY	1	1	1	1	5	6	15
STATUS QUO	2	1	1	1	7	27.5	39.5
MERGED GOVERNMENT	1 ^(a)	1	1	1	5 ^(b)	25.5 ^(c)	34.5
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	0	0	0	(2)	(2)	(5)

Rationale for Personnel Efficiency Gains:

- (a) Only one department head required.
- (b) Efficiency gain of one affirmative action officer/senior personnel analyst and one training officer. Only one of each required within a merged department.
- (c) Efficiency gain of one typist clerk/steno clerk and one department secretary.

* Includes 20 clerical positions within the Personnel Department's Temporary Clerical Pool. This division provides a pool of trained clerical staff to city departments on a temporary basis.

PERSONNEL ADMINISTRATION STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

PERSONNEL DEVELOPMENT

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	1	0	3	8	3.5	15.5
COUNTY	0	1	3	4	14.5	11	33.5
STATUS QUO	0	2	3	7	22.5	14.5	49
MERGED GOVERNMENT	0	1 ^(a)	3	5 ^(b)	18.5 ^(c)	13.5 ^(d)	41
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	(1)	0	(2)	(4)	(1)	(8)

Rationale for Personnel Efficiency Gains:

- (a) Efficiency gain of one personnel services manager/personnel division chief. Only one division head required.
- (b) Efficiency gain of one senior personnel analyst in both Examination Administration and Development and Classification and Pay.
- (c) Efficiency gain of about half of the city's FTEs because duplication of work will be eliminated by development and administration of one civil service examination and classification and pay system.
- (d) Efficiency gain of approximately 5% of 14.5 clerical positions due to consolidation.

PERSONNEL ADMINISTRATION STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

EMPLOYEE SERVICES/RELATIONS

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	3	1	2	12	10	28
COUNTY	0	2	2	7	23	25	59
STATUS QUO	0	5	3	9	35	35	87
MERGED GOVERNMENT	0	(a) 3	(b) 2	(c) 7	(d) 31	(e) 33	76
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	(2)	(1)	(2)	(4)	(2)	(11)

Rationale for Personnel Efficiency Gains:

- (a) Efficiency gain of one employee services manager/personnel division chief and one employee relations director/officer. Only one division head required.
- (b) Efficiency gain of one risk manager. Only one division/section head required.
- (c) Efficiency gain of one insurance program supervisor/employee insurance manager and one retirement system supervisor/retirement administrator.
- (d) Efficiency gain of one safety specialist, one vocational rehabilitation coordinator/counselor, one workers' compensation claim representative/analyst, and one employee relations representative.
- (e) Efficiency gain of approximately 5% of 35 clerical positions due to consolidation.

FUNCTIONAL DEFINITION OF SERVICE COST CATEGORIES --

LAW ENFORCEMENT

SERVICE COST CATEGORIES	City	County
ADMINISTRATION	Office of Chief Community Resources Police Data Services Planning & Fiscal Staff Assistance Internal Affairs Inspections and Standards	Office of Sheriff Community Resources Office of Information Legal Liaison Internal Affairs
FIELD OPERATIONS	Patrol Traffic Selective Enforcement Crime Analysis Reserves Crossing Guards	Patrol Special Operations - Aero Detail - Crime Analysis - Airport Security - Boat Patrol
INVESTIGATIONS	Detectives Narcotics Special Investigations Special Tasks	Detectives Narcotics Special Investigations
SUPPORT SERVICES	Communications Records Personnel Training Identification Warrants Property	Communications Records Personnel Training Identification Reserves Property

FY 1987/88

TOTAL	CHIEF/ SHERIFF	ASST. CHIEF/ UNDERSHRF.	DEPUTY CHIEF/ CHIEF DEPUTY	POLICE COMMANDER	CAPTAIN	LIEUTENANT	SERGEANT	OFFICER/ DEPUTY	SPECIAL CIVILIAN CLASSES	CLERICAL CLASSES	OTHER CLASSES	TOTAL
CITY	1	1	3	1	7	27	67	466	176	121	37	907
COUNTY	1	1	3	0	7	33	61	395	99	111	0	711
STATUS QUO	2	2	6	1	14	60	128	861	275	232	37	1,618
MERGED GOVERNMENT	1	1	3	2	10	46	112	826	251	208	37	1,497
*FTE EFFICIENCY GAIN FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(1)	(3)	1	(4)	(14)	(16)	(35)	(24)	(24)	0	(121)
INCREASE FOR TRAFFIC OPERATIONS IN UNINCORPORATED AREA	0	0	0	0	1	3	16	125	6	8	3	162
REVISED TOTALS FOR MERGED GOVERNMENT	1	1	3	2	11	49	128	951	257	216	40	1,659
NET DIFFERENCES FROM STATUS QUO	(1)	(1)	(3)	1	(3)	(11)	0	90	(18)	(16)	3	41

*ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(1)	(3)	1	(3)	(10)	(10)	(18)	(6)	(10)	0	(61)

LAW ENFORCEMENT STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

ADMINISTRATION

	CHIEF/ SHERIFF	ASST. CHIEF/ UNDERSHRF.	CAPTAIN	LIEUTENANT	SERGEANT	OFFICER/ DEPUTY	SPECIAL CIVILIAN CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	1	1	4	6	7	16	19	55
COUNTY	1	1	0	4	4	6	4	7	27
STATUS QUO	2	2	1	8	10	13	20	26	82
MERGED GOVERNMENT	1 ^(a)	1 ^(b)	1	5 ^(c)	8 ^(d)	12 ^(e)	18 ^(f)	22 ^(g)	68
*FTE EFFICIENCY GAINS FROM MERGED GOVERNMENT	(1)	(1)	0	(3)	(2)	(1)	(2)	(4)	(14)
*ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(1)	0	(3)	(2)	(1)	(2)	(4)	(14)

Rationale for Personnel Efficiency Gains:

- (a) Only one department head required.
- (b) Only one assistant chief/undersheriff required under the department head.
- (c) Efficiency gain of one lieutenant each from both Community Resources and Internal Affairs Units.
Only one lieutenant required to manage each of these units.
Also gain of one lieutenant as a county aide position and use the captain's position in the City unit.
- (d) Gain of one of three sergeants in the combined Community Resources Bureaus and one of the three remaining staff/planning sergeants.
- (e) Gain of one position due to consolidation of Community Resources.
- (f) General efficiency gain of two positions due to consolidated operations (e.g., admin. assistants, CSRs, etc.).
- (g) " " " " four " " " " " .

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	DEPUTY CHIEF/ CHIEF DEPUTY	POLICE COMMANDER	CAPTAIN	LIEUTENANT	SERGEANT	OFFICER/ DEPUTY	SPECIAL CIVILIAN CLASSES	CLERICAL CLASSES	OTHER CLASSES	TOTAL
CITY	1	1	3	13	37	355	23	13	22	468
COUNTY	1	0	3	15	32	268	19	14	0	352
STATUS QUO	2	1	6	28	69	623	42	27	22	820
MERGED GOVERNMENT	1 ^(a)	2 ^(b)	5 ^(c)	24 ^(d)	64 ^(e)	601 ^(f)	38 ^(g)	24 ^(h)	22 ⁽ⁱ⁾	781
*FTE EFFICIENCY GAINS FROM MERGED GOVERNMENT	(1)	1	(1)	(4)	(5)	(22)	(4)	(3)	0	(39)
INCREASES FOR TRAFFIC OPERATIONS IN UNINCORPORATED AREA	0	0	1	3	16	125	6	8	3	162
REVISED TOTALS FOR MERGED GOVERNMENT	1	2	6	27	80	726	44	32	25	943

*ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	1	0	(2)	(2)	(12)	0	(1)	0	(17)

- (a) Only one division head required.
- (b) Use this position to command substations.
- (c) Gain of one captain; leaves four captains for Patrol and one for Special Operations/Enforcement/Traffic.
- (d) Gain of two of 21 Patrol lieutenants, one aide to division head, and one of four lieutenants in Special Operations/Enforcement.
- (e) General efficiency gain of about 5 percent due to consolidated operations.
- (f) General efficiency gain of one officer per shift (5 FTEs) due to consolidated dispatching and operations. Also, additional efficiency gains anticipated from better coordination of information, crime analysis, deployment, and investigations. This is estimated to be worth at least several percentage points but only 5 FTEs included. Finally, increased efficiency value of replacing 141 C.H.P. traffic sergeants and officers with Metro personnel is estimated to be at least 10 percent, or 2 sergeants and 12 officers.
- (g) General efficiency gain of four positions due to consolidated operations.
- (h) " " " " three " " " " " "
- (i) Reserves and school crossing guards included here.

LAW ENFORCEMENT STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

INVESTIGATIONS

	DEPUTY CHIEF/ CHIEF DEPUTY	CAPTAIN	LIEUTENANT	SERGEANT	OFFICER/ DEPUTY	SPECIAL CIVILIAN CLASSES	CLERICAL CLASSES	OTHER CLASSES	TOTAL
CITY	1	1	7	21	97	2	11	4	144
COUNTY	1	2	10	14	99	0	30	0	156
STATUS QUO	2	3	17	35	196	2	41	4	300
MERGED GOVERNMENT	1 (a)	2 (b)	12 (c)	28 (d)	186 (e)	2	37 (f)	4	272
*FTE EFFICIENCY GAINS FROM MERGED GOVERNMENT	(1)	(1)	(5)	(7)	(10)	0	(4)	0	(28)

*ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(1)	(3)	(4)	(4)	0	(2)	0	(15)

Rationale for Personnel Efficiency Gains:

- (a) Only one division head required.
- (b) Efficiency gain of one captain; leaves two positions to command major sub-units.
- (c) Significant gain in managers for sub-units such as burglary, robbery, larceny, etc., makes it feasible.
- (d) Consolidation allows units to operate at about 1:7 supervisory ratio overall, which is reasonable under the circumstances.
- (e) General increased efficiency due to improved coordination of investigative efforts, equivalent to only 5 percent.
- (f) General efficiency gain of four positions due to consolidated operations.

LAW ENFORCEMENT STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

SUPPORT SERVICES

	DEPUTY CHIEF/ CHIEF DEPUTY	CAPTAIN	LIEUTENANT	SERGEANT	OFFICER/ DEPUTY	SPECIAL CIVILIAN CLASSES	CLERICAL CLASSES	OTHER CLASSES	TOTAL
CITY	1	2	3	3	7	135	78	11	240
COUNTY	1	2	4	11	22	76	60	0	176
STATUS QUO	2	4	7	14	29	211	138	11	416
MERGED GOVERNMENT	1 ^(a)	2 ^(b)	5 ^(c)	12 ^(d)	27 ^(e)	193 ^(f)	125 ^(g)	11	376
*FTE EFFICIENCY GAINS FROM MERGED GOVERNMENT	(1)	(2)	(2)	(2)	(2)	(18)	(13)	0	(40)
*ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(2)	(2)	(2)	(1)	(4)	(3)	0	(15)

Rationale for Personnel Efficiency Gains:

- (a) Only one division head required.
- (b) Duplicate captains in Personnel and Training, and Technical/Support Services.
- (c) Duplicate lieutenants in similar units.
- (d) General efficiency gain of supervisory and specialist sergeant positions due to consolidation.
- (e) " " " of officer positions due to consolidation.
- (f) Significant gain in efficiency in consolidated operations such as records, identification, communications, etc. However, note that 16 of 87 FTEs in city dispatching function are dedicated to the Fire service area.
- (g) Same reasoning as that under footnote (f).

FUNCTIONAL DEFINITION OF SERVICE COST CATEGORIES --

FIRE SERVICES

SERVICE COST CATEGORIES	City	County *
ADMINISTRATION	Administration Division Training and Safety Division	N/A
PREVENTION	Prevention Division	N/A
SUPPRESSION	Suppression Division	N/A

* Fire prevention and suppression services in the unincorporated area are provided by special fire districts.

FIRE SERVICES STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TOTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	4	14	97	344	8.5	468.5
COUNTY	0	0	0	0	0	0	0
STATUS QUO	1	4	14	97	344	8.5	468.5
MERGED GOVERNMENT	1	4	14	97	344	8.5	468.5
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	0	0	0	0

FIRE SERVICES STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

ADMINISTRATION

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	1	1	2	4	4.5	13.5
COUNTY	0	0	0	0	0	0	0
STATUS QUO	1	1	1	2	4	4.5	13.5
MERGED GOVERNMENT	1	1	1	2	4	4.5	13.5
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	0	0	0	0

FIRE SERVICES STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

PREVENTION

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	1	1	0	15	4	21
COUNTY	0	0	0	0	0	0	0
STATUS QUO	0	1	1	0	15	4	21
MERGED GOVERNMENT	0	1	1	0	15	4	21
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	0	0	0	0

FIRE SERVICES STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

SUPPRESSION

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	2	12	95	325	0	434
COUNTY	0	0	0	0	0	0	0
STATUS QUO	0	2	12	95	325	0	434
MERGED GOVERNMENT	0	2	12	95	325	0	434
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	0	0	0	0

FUNCTIONAL DEFINITION OF SERVICE COST CATEGORIES --
ANIMAL CONTROL

SERVICE COST CATEGORIES	City	County
ANIMAL CONTROL	Public Works Department -- Animal Control Division	Department of General Services -- Animal Control Division

ANIMAL CONTROL
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

TOTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	1	0	3	14	2	20
COUNTY	0	1	0	7	22	9	39
STATUS QUO	0	2	0	10	36	11	59
MERGED GOVERNMENT	0	1	0	8	35	10	54
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	(1) ^(a)	0	(2) ^(b)	(1) ^(c)	(1) ^(d)	(5)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS OPERATED	0	(1)	0	(1)	0	(1)	(3)

Rationale for Personnel Efficiency Gains:

- (a) Only one division head required.
- (b) Efficiency gain of one senior animal control officer/administrative services officer from administration, and one senior animal control officer from field operations.
- (c) Efficiency gain of one animal control officer in field operations due to improved coordination and scheduling.
- (d) Consolidation of clerical operations should allow for efficiency gain of one typist clerk.

FUNCTIONAL DEFINITION OF SERVICE COST CATEGORIES --

PLANNING AND DEVELOPMENT

SERVICE COST CATEGORIES	City	County
ADMINISTRATION	Planning and Development Administration Planning (Division) Administration Economic Development All Division Managers	Administrative Services Cartographic Section Clerical Section All Division Managers Planning Commission Secretariat
GENERAL PLAN	Advance Planning	General and Advanced Planning Services
CURRENT PLANNING	Current Planning Preservation/Design Review	Application Processing Division
ENVIRONMENTAL	Environmental	Environmental Impact Division
ZONE ENFORCEMENT	Nuisance Abatement Division	Land Use and Zoning Enforcement
BUILDING INSPECTION AND CODE ENFORCEMENT	Inspections Division -- Planning and Development Department	Building Inspection Division -- Public Works Department

PLANNING AND DEVELOPMENT STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENT

FY 1987/88

TOTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	4	4	14	90	26	139
COUNTY	1	4	3	21	144.2	47	220.2
STATUS QUO	2	8	7	35	234.2	73	359.2
MERGED GOVERNMENT	1	5	5	31	224.7	65	331.7
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(3)	(2)	(4)	(9.5)	(8)	(27.5)
INCREASE FOR LCC PLANNING OPERATIONS	0	0	0	1	12	5	18
REVISED TOTALS FOR MERGED GOVERNMENT	1	5	5	32	236.7	70	349.7
NET DIFFERENCES FROM STATUS QUO	(1)	(3)	(2)	(3)	2.5	(3)	(9.5)

PLANNING AND DEVELOPMENT STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENT
FY 1987/88

ADMINISTRATION

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	3	0	1	5	10	20
COUNTY	1	3	0	3	5.2	22	34.2
STATUS QUO	2	6	0	4	10.2	32	54.2
MERGED GOVERNMENT	1 ^(a)	4 ^(b)	0	3 ^(c)	9.2 ^(d)	27 ^(e)	44.2
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(2)	0	(1)	(1)	(5)	(10)

Rationale for Personnel Efficiency Gains

- (a) Only one department director required.
- (b) Reduction feasible due to increases in total division leaders available.
- (c) Consolidated office/clerical operations should allow a gain of one position.
- (d) Consolidated administrative and accounting positions/work should provide one FTE efficiency gain.
- (e) Consolidated workload, including deletion of two hearing bodies, should allow efficiency gain of at least 6 FTEs, 3 of which are not effective until LCCs initiate planning operations.

PLANNING AND DEVELOPMENT STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENT

FY 1987/88

GENERAL PLAN

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	1	2	9	0	12
COUNTY	0	0	1	0	14	0	15
STATUS QUO	0	0	2	2	23	0	27
MERGED GOVERNMENT	0	0	1 ^(a)	2	21.5 ^(b)	0	24.5
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	(1)	0	(1.5)	0	(2.5)

Rationale for Personnel Efficiency Gains

(a) Only one unit leader required.

(b) Consolidated workload should allow efficiency gain of 1.5 FTEs (e.g., one general plan).

PLANNING AND DEVELOPMENT STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENT

FY 1987/88

CURRENT PLANNING

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	1	1	13	1	16
COUNTY	0	0	0	4	22	0	26
STATUS QUO	0	0	1	5	35	1	42
MERGED GOVERNMENT	0	0	0 ^(a)	5	35	1	41
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	(1)	0	0	0	(1)

Rationale for Personnel Efficiency Gains

(a) Unit manager's position duplicated by supervisory positions.

PLANNING AND DEVELOPMENT STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENT

FY 1987/88

ENVIRONMENTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	1	1	3	1	6
COUNTY	0	0	0	2	13	5	20
STATUS QUO	0	0	1	3	16	6	26
MERGED GOVERNMENT	0	0	1	2 ^(a)	14 ^(b)	5 ^(b)	22
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	(1)	(2)	(1)	(4)

Rationale for Personnel Efficiency Gains

(a) Consolidated supervisory responsibilities should allow reduction of one FTE.

(b) Both gains based upon benefits of consolidated workload and staffing.

PLANNING AND DEVELOPMENT STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENT

FY 1987/88

ENFORCEMENT

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	0	2	15	3	20
COUNTY	0	0	0	1	10	0	11
STATUS QUO	0	0	0	3	25	3	31
MERGED GOVERNMENT	0	0	0	3	23 ^(a)	3	29
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	0	(2)	0	(2)

Rationale for Personnel Efficiency Gains

(a) Consolidated operations should provide two FTEs efficiency gain.

PLANNING AND DEVELOPMENT STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENT

FY 1987/88

BUILDING INSPECTION AND
CODE ENFORCEMENT

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	1	1	7	45	11	65
COUNTY	0	1	2	11	80	20	114
STATUS QUO	0	2	3	18	125	31	179
MERGED GOVERNMENT	0	1 (a)	3	16 (b)	122 (c)	29 (d)	171
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	(1)	0	(2)	(3)	(2)	(8)

Rationale for Personnel Efficiency Gains

- (a) Only one division director required.
- (b) Consolidation should permit savings of two supervisor FTEs.
- (c) Consolidation should permit increased efficiency, office coverage, routing, etc., equivalent to three positions.
- (d) Consolidation should permit increased efficiency equivalent to at least two positions.

FUNCTIONAL DEFINITION OF SERVICE COST CATEGORIES --

PUBLIC WORKS -- TRANSPORTATION

SERVICE COST CATEGORIES	City	County
ADMINISTRATION	Transportation Division -- Administration Unit	Highways and Bridges Division -- Administration Unit
MAINTENANCE	Transportation Division -- Street Maintenance Unit	Highways and Bridges Division -- Maintenance Unit
TRAFFIC OPERATIONS	Transportation Division -- Traffic Signs and Markings Unit Traffic Signal and Street Lighting Unit Traffic Engineering Unit	Highways and Bridges Division -- Traffic Operations Unit Traffic Signal and Street Lighting Maintenance Unit Traffic Signs and Markings Maintenance Unit
TRANSPORTATION PLANNING	Transportation Division -- Administration Unit	Highways and Bridges Division -- Planning Unit
PARKING	Parking Division	Parking Enterprise -- General Services Department
DESIGN	Engineering Division -- Design Unit	Highways and Bridges Division -- Design Unit Traffic Engineering Unit

TRANSPORTATION STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

TOTAL -----							
	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	2	3	6	28	208.5	16	263.5
COUNTY	1	3	7	27	197	7	242
STATUS QUO	3	6	13	55	405.5	23	505.5
MERGED GOVERNMENT	2	4	9	51	391.5	20	477.5
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(2)	(4)	(4)	(14)	(3)	(28)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(2)	(4)	(1)	(2)	(2)	(12)

TRANSPORTATION STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

ADMINISTRATION

	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	0	0	0	0	4	5
COUNTY	1	0	0	0	1	3	5
STATUS QUO	2	0	0	0	1	7	10
MERGED GOVERNMENT	1 ^(a)	0	0	0	1	5 ^(b)	7
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	0	0	0	0	(2)	(3)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	0	0	0	0	(2)	(3)

Rationale for Personnel Efficiency Gains

(a) Only one division leader needed.

(b) Consolidated office/clerical operations should allow efficiency gain of three positions out of 23 total throughout this service area. Two of the three positions gained are shown here in "Administration". The third is shown under "Traffic Operations".

TRANSPORTATION STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

MAINTENANCE

	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	1	2	5	36	1	45
COUNTY	0	2	3	15	113	2	135
STATUS QUO	0	3	5	20	149	3	180
MERGED GOVERNMENT	0	1 ^(a)	4 ^(b)	18 ^(c)	143 ^(d)	3	169
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	(2)	(1)	(2)	(6)	0	(11)
* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	0	(2)	(1)	0	0	0	(3)

Rationale for Personnel Efficiency Gains

(a) Only one unit leader required.

(b) Consolidated supervisory responsibilities should allow efficiency gain of one senior supervisor position.

(c) Efficiency gain of two supervisors as a result of more efficient work scheduling and coordination.

(d) Efficiency gain of 4% (6 FTEs) as a result of more coordinated work scheduling and general operations.

TRANSPORTATION STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

TRAFFIC OPERATIONS

	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	1	6	48	2	57
COUNTY	0	1	2	9	52	2	66
STATUS QUO	0	1	3	15	100	4	123
MERGED GOVERNMENT	0	1	2 ^(a)	14 ^(b)	96 ^(c)	3 ^(d)	116
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	(1)	(1)	(4)	(1)	(7)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	0	0	(1)	0	0	0	(1)

Rationale for Personnel Efficiency Gains

- (a) Only two senior supervisors needed for two units.
- (b) Efficiency gain of one supervisor as a result of more efficient work scheduling and coordination.
- (c) Efficiency gain of 4% of 100 maintenance workers and technicians (4 FTEs) as a result of more coordinated work scheduling and operations.
- (d) Consolidated office/clerical operations should allow efficiency gain of three positions out of 23 total throughout this service area. One of the three positions gained is shown here in "Traffic Operations". The other two positions are shown under "Administration".

TRANSPORTATION STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

TRANSPORTATION PLANNING

	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	0	0	1	0	1
COUNTY	0	0	0	1	3	0	4
STATUS QUO	0	0	0	1	4	0	5
MERGED GOVERNMENT	0	0	0	1	3 ^(a)	0	4
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	0	(1)	0	(1)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	0	0	0	0	(1)	0	(1)

Rationale for Personnel Efficiency Gains

(a) Consolidated coordination efforts with SACOG should allow efficiency gain of one position.

TRANSPORTATION STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

PARKING

	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	2	2	14	97.5	6	122.5
COUNTY	0	0	1	0	4	0	5
STATUS QUO	1	2	3	14	101.5	6	127.5
MERGED GOVERNMENT	1	2	2 ^(a)	14	101.5	6	126.5
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	(1)	0	0	0	(1)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	0	0	(1)	0	0	0	(1)

Rationale for Personnel Efficiency Gains

(a) Only two senior supervisors needed for two units.

TRANSPORTATION STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

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DESIGN -----	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	1	3	26	3	33
COUNTY	0	0	1	2	24	0	27
STATUS QUO	0	0	2	5	50	3	60
MERGED GOVERNMENT	0	0	1 ^(a)	4 ^(b)	47 ^(c)	3	55
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	(1)	(1)	(3)	0	(5)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	0	0	(1)	(1)	(1)	0	(3)

Rationale for Personnel Efficiency Gains

- (a) Only one senior supervisor needed for single unit.
- (b) Consolidated supervisory responsibilities should permit efficiency gain equivalent to one FTE.
- (c) Efficiency gain of approximately 5% as a result of more coordinated work scheduling and operations.

FUNCTIONAL DEFINITION OF SERVICE COST CATEGORIES --

PUBLIC WORKS -- SOLID WASTE

SERVICE COST CATEGORIES	City	County
ADMINISTRATION	Solid Waste Division -- Administration All Division Superintendents	Solid Waste Division -- Administration All Division Superintendents
REFUSE COLLECTION	Solid Waste Division -- Refuse Collection	Solid Waste Division -- Refuse Collection
LANDFILL OPERATIONS	Solid Waste Division -- Landfill Operations	Solid Waste Division -- Landfill Operations Transfer Operations
OTHER	Solid Waste Division -- Garden Refuse Street Sweeping Vegetal Waste	Solid Waste Division -- Source Separation

SOLID WASTE STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TOTAL

	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	2	3	13	239	9	267
COUNTY	1	1	4	17	146	6	175
STATUS QUO	2	3	7	30	385	15	442
MERGED GOVERNMENT	1	2	6	28	379	14	430
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(1)	(1)	(2)	(6)	(1)	(12)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(1)	(1)	(1)	(1)	(1)	(6)

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SOLID WASTE STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

ADMINISTRATION

	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	2	1	1	2	8	15
COUNTY	1	1	2	1	3	4	12
STATUS QUO	2	3	3	2	5	12	27
MERGED GOVERNMENT	1 ^(a)	2 ^(b)	3	1 ^(c)	4 ^(d)	11 ^(e)	22
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(1)	0	(1)	(1)	(1)	(5)
* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(1)	0	(1)	(1)	(1)	(5)

Rationale for Personnel Efficiency Gains

- (a) Only one division leader required.
- (b) Only two superintendents needed for two main operational units (e.g., refuse collection and landfill operations).
- (c) Only one supervisor needed for administrative functions.
- (d) Consolidated administrative and accounting positions/work should provide one FTE efficiency gain.
- (e) Consolidated office/clerical operations should allow efficiency gain of 2 positions out of 15 total throughout this service area. Both positions gained are shown here in "Administration".

SOLID WASTE STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

REFUSE COLLECTION

	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	1	8	161	1	171
COUNTY	0	0	1	9	95	2	107
STATUS QUO	0	0	2	17	256	3	278
MERGED GOVERNMENT	0	0	1 ^(a)	16 ^(b)	251 ^(c)	3	270.84
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	(1)	(1)	(5)	0	(7)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	0	0	(1)	0	0	0	(1)

Rationale for Personnel Efficiency Gains

- (a) Only one senior supervisor needed for this unit.
- (b) Efficiency gain of one supervisor as a result of more efficient work scheduling and coordination.
- (c) Efficiency gain of about 2% (5 FTEs) as a result of more coordinated work scheduling, routing, and general operations.

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SOLID WASTE STAFFING ESTIMATES --
 STATUS QUO AND MERGED GOVERNMENTS
 FY 1987/88

LANDFILL OPERATIONS

	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	0	1	9	0	10
COUNTY	0	0	1	5	43	0	49
STATUS QUO	0	0	1	6	52	0	59
B-58 MERGED GOVERNMENT	0	0	1	6	52	0	59
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	0	0	0	0

SOLID WASTE STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

OTHER

	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	1	3	67	0	71
COUNTY	0	0	0	2	5	0	7
STATUS QUO	0	0	1	5	72	0	78
MERGED GOVERNMENT	0	0	1	5	72	0	78
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	0	0	0	0

FUNCTIONAL DEFINITION OF SERVICE COST CATEGORIES --

PUBLIC WORKS -- FLOOD CONTROL/WATER/WASTEWATER

SERVICE COST CATEGORIES	City	County
FLOOD CONTROL	Flood Control/Sewer Division -- Storm Drainage Unit All division leaders	Water Resources Division All division leaders
WATER	Water Division	Water Resources Division
WASTEWATER	Flood Control/Sewer Division	Water Quality Division

FLOOD CONTROL/WATER/WASTEWATER STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88
-----TOTAL

	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	2	10	5	31	232	13	293.25
COUNTY	2	3	8	56	315	20	404
STATUS QUO	4	13	13	87	547	33	697.25
B-61 MERGED GOVERNMENT	3	11	12	84	535	31	676.25
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(2)	(1)	(3)	(12)	(2)	(21)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(2)	0	0	0	0	(3)

FLOOD CONTROL/WATER/WASTEWATER STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

FLOOD CONTROL

	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	2	2	0	12	45	0	61
COUNTY	2	0	2	1	16	2	23
STATUS QUO	4	2	2	13	61	2	84
MERGED GOVERNMENT	3 ^(a)	2	2	12 ^(b)	59 ^(c)	2	80
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	0	0	(1)	(2)	0	(4)
* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	0	0	0	0	0	(1)

Rationale for Personnel Efficiency Gains

- (a) Only three division leaders needed for three divisions.
- (b) Consolidation should provide efficiency gain of one supervisor position.
- (c) Consolidation should allow efficiency gain of two positions due to more efficient general operations.

FLOOD CONTROL/WATER/WASTEWATER STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

WATER

	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	5	5	13	122.25	8	153.25
COUNTY	0	0	0	0	9	0	9
STATUS QUO	0	5	5	13	131.25	8	162
MERGED GOVERNMENT	0	5	5	13	130.25 ^(a)	8	161.25
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	0	(1)	0	(1)
* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	0	0	0	0	0	0	0

Rationale for Personnel Efficiency Gains

(a) Consolidation should provide efficiency gain of one position.

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FLOOD CONTROL/WATER/WASTEWATER STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88
-----WASTEWATER

	DIVISION LEADER	SUPTNDNT OR ASSISTANT	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	3	0	6	65	5	79
COUNTY	0	3	6	55	290	18	372
STATUS QUO	0	6	6	61	355	23	451
MERGED GOVERNMENT	0	4 ^(a)	5 ^(b)	59 ^(b)	346 ^(c)	21 ^(d)	435
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	(2)	(1)	(2)	(9)	(2)	(16)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	0	(2)	0	0	0	0	(2)

Rationale for Personnel Efficiency Gains

- (a) Consolidated operations should allow efficiency gain of two superintendent/assistant positions out of 13 total throughout this service area.
- (b) Consolidation should allow efficiency gain of three positions between these two classes.
- (c) Efficiency gain of approximately 9 FTEs due to more efficient scheduling and general operations.
- (d) Consolidated office/clerical activities should provide efficiency gain of two positions.

FUNCTIONAL DEFINITION OF SERVICE COST CATEGORIES --

PUBLIC WORKS -- OTHER

SERVICE COST CATEGORIES	City	County
ADMINISTRATION	Administration Division	Administration Division Administrative Services Division Contract Costs/Gov't Agencies
REAL ESTATE/PROPERTY MANAGEMENT	Engineering Division -- Right-of-Way/Property Management	Real Estate Division
ENGINEERING/TECHNICAL SERVICES ADMINISTRATION	Engineering Division Administration Unit	Technical Services Division Administration Unit
CONSTRUCTION INSPECTION	Engineering Division Construction Unit	Technical Services Division Construction Inspection Unit
DEVELOPMENT SERVICES	Engineering Division Development Services Division	Surveyor, Information, and Permits
BUILDING DESIGN	Design and Construction Unit -- Facility Management Division -- Department of General Services	Building Design Division
OTHER SERVICES		Technical Services Division Material Test Unit Survey Unit

PUBLIC WORKS - OTHER STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TOTAL -----	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	4	1	13	76.8	11	106.8
COUNTY	1	6	14	33	174	54.5	282.5
STATUS QUO	2	10	15	46	250.8	65.5	389.3
MERGED GOVERNMENT	1	6	14	40	237.3	62	360.3
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(4)	(1)	(6)	(13.5)	(3.5)	(29)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(4)	(1)	(3)	(6.5)	(2.5)	(18)

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PUBLIC WORKS - OTHER STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

ADMINISTRATION

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	3	1	0	8.3	4	17.3
COUNTY	1	4	6	8	36	41	96
STATUS QUO	2	7	7	8	44.3	45	113.3
MERGED GOVERNMENT	1 (a)	4 (b)	6 (c)	8	41.3 (d)	43 (e)	103.3
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(3)	(1)	0	(3)	(2)	(10)
* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(3)	(1)	0	(3)	(2)	(10)

Rationale for Efficiency Gains

- (a) Only one department director required.
- (b) Consolidated operations should provide efficiency gain of three deputy directors.
- (c) Only one unit leader required to manage accounting/fiscal services operation.
- (d) Consolidated administrative and accounting workload should allow efficiency gain of three positions.
- (e) Consolidated office/clerical workload should allow efficiency gain of two clerical positions.

PUBLIC WORKS - OTHER STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

REAL ESTATE/ PROPERTY MANAGEMENT	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	0	1	3	0	4
COUNTY	0	1	0	4	12	2	19
STATUS QUO	0	1	0	5	15	2	23
MERGED GOVERNMENT	0	1	0	4 ^(a)	14 ^(b)	2	21
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	(1)	(1)	0	(2)
* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	0	0	0	(1)	(1)	0	(2)

Rationale for Efficiency Gains

(a) Consolidated operations should allow efficiency gain of one supervisor position.

(a) Consolidated operations should allow efficiency gain of one position.

PUBLIC WORKS - OTHER STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88
-----ENGINEERING/TECHNICAL
SERVICES ADMINISTRATION

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	1	0	1	2	4	8
COUNTY	0	1	1	0	0	0	2
STATUS QUO	0	2	1	1	2	4	10
MERGED GOVERNMENT	0	1 ^(a)	1	1	2	4	9
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	(1)	0	0	0	0	(1)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	0	(1)	0	0	0	0	(1)

Rationale for Efficiency Gains

(a) Only one division leader required.

PUBLIC WORKS - OTHER STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

CONSTRUCTION INSPECTION	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	0	7	35	2	44
COUNTY	0	0	5	11	61	6	83
STATUS QUO	0	0	5	18	96	8	127
MERGED GOVERNMENT	0	0	5	16 ^(a)	91 ^(b)	7 ^(c)	119
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	(2)	(5)	(1)	(8)
* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	0	0	0	0	0	0	0

Rationale for Efficiency Gains

- (a) Consolidated operations should provide efficiency gain equivalent to two supervisor positions.
- (b) Efficiency gain of 5% (5 FTEs) as a result of more coordinated work scheduling and general operations.
- (c) Consolidated office/clerical functions should provide efficiency gain of one position.

PUBLIC WORKS - OTHER STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

DEVELOPMENT SERVICES

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	0	1	9	1	11
COUNTY	0	0	1	2	18	2.5	23.5
STATUS QUO	0	0	1	3	27	3.5	34.5
MERGED GOVERNMENT	0	0	1	2 ^(a)	25 ^(b)	3 ^(c)	31
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	(1)	(2)	(0.5)	(3.5)

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	0	0	0	0	0	(0.5)	(0.5)

Rationale for Efficiency Gains

- (a) Consolidated operations should provide efficiency gain of one supervisor position.
- (b) Consolidated operations should provide efficiency gain of two positions.
- (c) Consolidated office/clerical functions should provide efficiency gain of one-half position.

PUBLIC WORKS - OTHER STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

BUILDING DESIGN

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	0	3	19.5	0	22.5
COUNTY	0	0	1	6	28	3	38
STATUS QUO	0	0	1	9	47.5	3	60.5
MERGED GOVERNMENT	0	0	1	7 ^(a)	45 ^(b)	3	56
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	(2)	(2.5)	0	(4.5)
* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	0	0	0	(2)	(2.5)	0	(4.5)

Rationale for Efficiency Gains

(a) Consolidated operations should provide efficiency gain of one supervisor position.

(b) Efficiency gain of 5% (2.5 FTEs) as a result of more coordinated work scheduling and general operations.

PUBLIC WORKS - OTHER STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88
-----OTHER SERVICES

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	0	0	0	0	0	0
COUNTY	0	0	0	2	19	0	21
STATUS QUO	0	0	0	2	19	0	21
MERGED GOVERNMENT	0	0	0	2	19	0	21
* FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	0	0	0	0

* ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	0	0	0	0	0	0	0

FUNCTIONAL DEFINITION OF SERVICE COST CATEGORIES --

GENERAL SERVICES

SERVICE COST CATEGORIES	City	County
ADMINISTRATION	Administration Division	Administrative Services Division
	Emergency Planning (Fire Department)	Emergency Operations Division
PROCUREMENT AND SUPPORT SERVICES	Procurement Services Division	Purchasing Division Support Services Division
FACILITY MANAGEMENT	Facility Management Division (Excluding Design and Construction Unit)	Building Maintenance and Operation Division
FLEET MANAGEMENT	Fleet Management Division	Automotive Division
		Equipment Maintenance Division (Department of Public Works)
COMMUNICATIONS	Communications Division	Telecommunications Division

GENERAL SERVICES STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88
-----TOTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	4	6	16	132.1	18	177.1
COUNTY	1	6	10	38	271	28	354
STATUS QUO	2	10	16	54	403.1	46	531.1
MERGED GOVERNMENT	1	6	11	49	391.1	42	500.1
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(4)	(5)	(5)	(12)	(4)	(31)

GENERAL SERVICES STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

ADMINISTRATION

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	0	2	0	1	2.5	6.5
COUNTY	1	1	5	1	4	3	15
STATUS QUO	2	1	7	1	5	5.5	21.5
MERGED GOVERNMENT	(a) 1	1	(b) 5	1	(c) 4	(d) 4.5	16.5
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	0	(2)	0	(1)	(1)	(5)

Rationale for Personnel Efficiency Gains:

(a) Only one department head required.

(b) Efficiency gain of one senior administrative services officer/administrative analyst due to merging of budgets, programs, and policies. Also efficiency gain of one emergency operations coordinator, as only one division head required. (This position is partially funded by the federal government.)

(c) Efficiency gain of one administrative assistant I-II/administrative services officer II for same reason stated in (b).

(d) Only one department secretary required.

GENERAL SERVICES STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

PROCUREMENT AND SUPPORT SERVICES

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	1	0	2	7	5.5	15.5
COUNTY	0	2	0	4	19	7	32
STATUS QUO	0	3	0	6	26	12.5	47.5
MERGED GOVERNMENT	0	(a) 2	0	(b) 4	(c) 24	(d) 11.5	41.5
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	(1)	0	(2)	(2)	(1)	(6)

Rationale for Personnel Efficiency Gains:

- (a) Efficiency gain of one purchasing manager/purchasing agent, as only one division head is required.
- (b) Efficiency gain of one central services/printing services supervisor, and one central stores supervisor/chief storekeeper.
- (c) Efficiency gain of two out of the following three positions: buyer, offset equipment operator/printing services operator, and stores/stock clerk.
- (d) Efficiency gain of one out of the following two positions: typist clerk III assigned to Procurement/Purchasing, and clerk II from Central/Printing Services.

GENERAL SERVICES STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

FACILITY MANAGEMENT

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	1	3	6	40	5	55
COUNTY	0	1	3	21	141	5	171
STATUS QUO	0	2	6	27	181	10	226
MERGED GOVERNMENT	0	(a) 1	(b) 4	(c) 24	(d) 177	(e) 9	215
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	(1)	(2)	(3)	(4)	(1)	(11)

Rationale for Personnel Efficiency Gains:

- (a) Efficiency gain of one facility manager/building operations superintendent. Only one division head required.
- (b) Efficiency gain of one mechanical maintenance supervisor/stationary engineer program manager from Mechanical Maintenance/Maintenance and Operations Unit, and one structural maintenance supervisor/architectural associate from Structural/Building Trades Unit.
- (c) Efficiency gain of three out of the following five positions: senior stationary engineer from Mechanical Maintenance/Maintenance and Operations Unit, electrical supervisor/electrician from Electrical Maintenance/Building Trades Unit, senior painter/painter from Structural/Building Trades Unit, senior building maintenance worker from Structural/Maintenance and Operations Unit, and senior carpenter from Structural/Building Trades Unit.
- (d) Efficiency gain of one administrative assistant/service officer from Work Control/Administrative Unit. Also general efficiency gain of about 3% of 120 FTEs involved in building and electrical maintenance, and electrical, carpentry, painting, plumbing, and other maintenance work due to improved coordination and work scheduling under consolidation.
- (e) Efficiency gain of one typist clerk in Administrative Unit.

GENERAL SERVICES STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

FLEET MANAGEMENT

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	1	1	7	81.1	4	94.1
COUNTY	0	1	2	10	87	10	110
STATUS QUO	0	2	3	17	168.1	14	204.1
MERGED GOVERNMENT	0	(a) 1	(b) 2	17	(c) 163.1	(d) 13	196.1
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	(1)	(1)	0	(5)	(1)	(8)

Rationale for Personnel Efficiency Gains:

- (a) Efficiency gain of one fleet manager/chief of Automotive Division. Only one division head required.
- (b) Efficiency gain of one assistant fleet manager/equipment maintenance operations manager.
- (c) Efficiency gain of one administrative assistant/service officer from Administrative Unit.
Also efficiency gain of 3% of 142 FTEs involved in equipment, auto maintenance, etc., due to improved coordination and scheduling under consolidation.
- (d) Efficiency gain of one clerical position due to improved coordination under consolidation.

GENERAL SERVICES STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

COMMUNICATIONS

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	1	0	1	3	1	6
COUNTY	0	1	0	2	20	3	26
STATUS QUO	0	2	0	3	23	4	32
MERGED GOVERNMENT	0	1 ^(a)	0	3	23	4	31
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	(1)	0	0	0	0	(1)

Rationale for Personnel Efficiency Gains:

(a) Efficiency gain of one communications systems manager/chief of Telecommunications Division. Only one division head required.

FUNCTIONAL DEFINITION OF SERVICE COST CATEGORIES --

PARKS AND RECREATION

SERVICE COST CATEGORIES	City	County
ADMINISTRATION	Fiscal and Management Services Resource Development and Management System Information Center Planning and Development	Administrative Services Section Grants, Environmental, and Special Projects Section Planning and Design Section
PARKS	Administration Special Services Park Maintenance Grant Services Tree Services	American River Parkway Section Operations Sections Park Ranger Section Interpretive Section Golf Services
RECREATION	Administration Human Services Recreation Services Neighborhood Services City Wide Facilities Old Sacramento Waterfront Camp Sacramento Sacramento Boat Harbor Golf	Leisure Services Section Special Events Volunteer Services Sports Services Concessions Management
OTHER	Zoo Crocker Art Museum Metropolitan Arts Museum and History Division	

PARKS AND RECREATION STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TOTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	3	12.41	56	538.38	36.73	647.52
COUNTY	1	3	6	19.56	151.18	9.06	189.8
STATUS QUO	2	6	18.41	75.56	689.56	45.79	837.32
MERGED GOVERNMENT	1	3	16.41	72.56	674.56	43.79	811.32
*FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(3)	(2)	(3)	(15)	(2)	(26)

*ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(3)	(1)	(1)	(2)	(2)	(10)

PARKS AND RECREATION STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

ADMINISTRATION

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	1	0	2	13.84	6	23.84
COUNTY	1	1	0	2	12.22	9.06	25.28
STATUS QUO	2	2	0	4	26.06	15.06	49.12
MERGED GOVERNMENT	1 ^(a)	1 ^(b)	0	3 ^(c)	24.06 ^(d)	13.06 ^(e)	42.12
*FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	(1)	(1)	0	(1)	(2)	(2)	(7)

*ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	(1)	(1)	0	(1)	(2)	(2)	(7)

Rationale for Personnel Efficiency Gains:

- (a) Only one department head required.
- (b) Only one division head required.
- (c) Only three supervisors needed for three units.
- (d) Efficiency gain of one administrative services officer in combined resource development unit. Also gain of one personnel clerk in combined administrative and fiscal management unit.
- (e) General efficiency gain of two positions due to consolidated operations.

PARKS AND RECREATION STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

PARKS

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	1	5	19	225.11	2.32	252.43
COUNTY	0	1	6	13	102.84	0	122.84
STATUS QUO	0	2	11	32	327.95	2.32	375.27
MERGED GOVERNMENT	0	1 ^(a)	9 ^(b)	30 ^(c)	314.95 ^(d)	2.32	357.27
*FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	(1)	(2)	(2)	(13)	0	(18)

*ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	0	(1)	(1)	0	0	0	(2)

Rationale for Personnel Efficiency Gains:

- (a) Only one division head required.
- (b) Efficiency gain of two park superintendents because duplicate sections eliminated.
- (c) Efficiency gain of two parks/park maintenance supervisors as a result of more efficient work scheduling and coordination.
- (d) Efficiency gain of about 4%, or 13 FTEs.

PARKS AND RECREATION STAFFING ESTIMATES --
STATUS QUO AND MERGED GOVERNMENTS
FY 1987/88

RECREATION AND OTHER

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	1	7.41	35	299.43	28.41	371.25
COUNTY	0	1	0	4.56	36.12	0	41.68
STATUS QUO	0	2	7.41	39.56	335.55	28.41	412.93
MERGED GOVERNMENT	0	1 ^(a)	7.41	39.56	335.55	28.41	411.93
*FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	(1)	0	0	0	0	(1)

*ADJUSTED EFFICIENCY GAINS IF TWO SERVICE DISTRICTS ARE USED	0	(1)	0	0	0	0	(1)

Rationale for Personnel Efficiency Gains:

(a) Only one division head required.

FUNCTIONAL DEFINITION OF SERVICE COST CATEGORIES --

LIBRARY SERVICES

SERVICE COST CATEGORIES	City *	County *
ADMINISTRATION/SUPPORT/TECHNICAL	Administrative Services Division Automation/Technical Services Division	Administrative Services Division Automation/Technical Services Division
PUBLIC SERVICES	Public Services Division	Public Services Division

* City and County library services are partially consolidated at the present time.

LIBRARY SERVICES STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

TOTAL

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	2	3	8	98.9	3	115.9
COUNTY	0	0	2	10	88	3	103
STATUS QUO	1	2	5	18	186.9	6	218.9
MERGED GOVERNMENT	1	2	5	18	184.9	6	216.9
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	0	(2)	0	(2)

LIBRARY SERVICES STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

ADMINISTRATION/SUPPORT/
TECHNICAL SERVICES

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	1	1	0	4	19	2	27
COUNTY	0	0	1	1	10	0	12
STATUS QUO	1	1	1	5	29	2	39
MERGED GOVERNMENT	1	1	1	5	27 ^(a)	2 ^(a)	37
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	0	(2)	0	(2)

Rationale for Personnel Efficiency Gains:

- (a) Efficiency gain of two FTEs of the 31 total FTEs in these two classes due to elimination of duplicative budgeting, personnel, and other administrative tasks under full consolidation.

LIBRARY SERVICES STAFFING ESTIMATES --

STATUS QUO AND MERGED GOVERNMENTS

FY 1987/88

PUBLIC SERVICES

	DEPARTMENT DIRECTOR	ASSISTANT OR DIVISION LEADER	OTHER MANAGEMENT/ SENIOR POSITION	SUPERVISOR	OTHER NON-CLERICAL CLASSES	CLERICAL CLASSES	TOTAL
CITY	0	1	3	4	79.9	1	88.9
COUNTY	0	0	1	9	78	3	91
STATUS QUO	0	1	4	13	157.9	4	179.9
MERGED GOVERNMENT	0	1	4	13	157.9	4	179.9
FTE EFFICIENCY GAINS FROM STATUS QUO TO MERGED GOVERNMENT	0	0	0	0	0	0	0

Rationale for Personnel Efficiency Gains:

- * Over 95% of the above FTEs are city and county librarians and librarian assistants assigned to the central, regional, and neighborhood libraries. Therefore, no efficiency gains realized through consolidation.

APPENDIX C

ASSUMPTIONS REGARDING THE INCREASED INCORPORATIONS AND ANNEXATIONS ALTERNATIVE

APPENDIX C

ASSUMPTIONS REGARDING THE INCREASED INCORPORATIONS AND ANNEXATIONS ALTERNATIVE

In this appendix we explain the assumptions that we used to develop our fiscal impact analysis of the Increased Incorporations and Annexations alternative. The appendix is organized as follows:

- A. General Assumptions
- B. Assumptions for Estimated Impact on County Revenues
- C. Assumptions for Estimated Impact on County Service Costs
- D. Assumptions for Estimated Revenue Increases to Newly Incorporated and Annexing Cities.

A. GENERAL ASSUMPTIONS

1. Data Sources for FY 1987/88 Base Year

In the case of all assumptions, we either used actual data for FY 1987/88, or converted actual data from prior years to an FY 1987/88 equivalent. Our countywide fiscal assumptions were based on actual revenue and expenditure data for FY 1987/88 provided by the county. We developed population estimates based on data provided by the Sacramento Area Council of Governments (SACOG), and these estimates were the same as the ones used in all other analyses in this report.

We drew certain assumptions for each incorporation from the following reports:

- *Proposal for the Incorporation of Citrus Heights Feasibility Analysis*, Sacramento Local Agency Formation Commission (LAFCO), date unknown (Referred to as *CH Report*)
- *Proposal for the Incorporation of Citrus Heights Appendix to Feasibility Analysis*, LAFCO, date unknown (Referred to as *CH Appendix*)
- *Proposal for the Incorporation of Elk Grove*, LAFCO, date unknown (Referred to as *EG Report*)
- *Proposal for the Incorporation of Elk Grove Appendix to Feasibility Analysis*, LAFCO, date unknown (Referred to as *EG Appendix*)
- *Assessment of Financial Feasibility of Municipal Incorporation for Rancho Cordova*, Ed Horton and Bob Vigil, October 15, 1986 (Referred to as *RC Report*)
- *Rio Linda–Elverta Incorporation Study* (title unknown), Ralph Anderson and Associates, date unknown (Referred to as *RL Report*)

2. Boundaries

We assumed the proponent's or respective city's proposed boundaries for each proposed incorporation or annexation

3. Population

Table 1, below, presents the population estimates that we used for the incorporations and annexations included in the analysis:

Table 1
Population Estimates
January 1, 1988

		<u>Incorporations</u>			<u>Annexations</u>		
	Citrus Heights	Elk Grove	Rancho Cordova	Rio Linda Elverta	Sacra- mento	Folsom	Total
Population	72,878	20,531	83,488	19,070	414	-0-	196,381
% of Uninc. Pop.	12.38%	3.49%	14.18%	3.24%	0.07%	-0-	33.36%

Notes to Table 1:

- Population estimates for Citrus Heights, Elk Grove, and Rancho Cordova were provided by incorporation reports and were for July 1, 1985. Estimates were increased to January 1, 1988, based on average annual increases for the county community plan area whose boundaries most closely matched those of the potential incorporation. As a result, population estimates for Citrus Heights, Elk Grove, and Rancho Cordova were increased 2.21%, 7.16%, and 1.72% per year, respectively. (See the demographic profiles report to the Sacramento Ad-Hoc Charter Commission provided by Arthur Young, January 24, 1989).
- Rio Linda-Elverta population estimate were based on an analysis of census tract data provided by SACOG which included 1980 actual population and 1990 estimates for each tract. We interpolated to estimate 1988 population for the community which we assumed contained the following tracts or portions of tracts: 100% of tracts 72.01, 72.02, and 72.03; 20% of tract 74.06; 5% of tracts 74.02 and 74.07.
- See Table 3 for an explanation of the population estimates for annexations.

Table 2, below, presents the countywide population estimates that we used in the analysis. These estimates were developed by SACOG.

Table 2
Countywide Population Estimates
January 1, 1988

Incorporations and Annexations	196,381	
Remaining Unincorporated Area	<u>392,244</u>	
Total Existing Unincorporated Area		588,625
City of Sacramento		340,559
Folsom		23,330
Galt		8,403
Isleton		<u>983</u>
Total County		961,900

4. Assessed Valuation

Table 3, on the following page, presents our assumptions for the net assessed valuation of each potential incorporation or annexation, and for the entire County. Net assessed valuation equals the value of the entire property tax roll minus the value of all land exempt from property taxes.

Table 3
Assessed Valuation

<u>Area</u>	<u>Assessed Valuation</u>	<u>Percent of County A.V.</u>
Incorporations		
Citrus Heights	\$ 1,991,898,000	6.57%
Elk Grove	1,000,992,000	3.30%
Rancho Cordova	1,980,000,000	6.53%
Rio Linda–Elverta	357,209,000	1.18%
Annexations		
City of Sacramento	14,690,000	0.05%
City of Folsom	500,000	<0.01%
Subtotal	\$ 5,345,289,000	17.63%
Remaining Unincorporated	13,056,537,000	43.06%
Total Existing Uninc.	\$ 18,401,826,000	60.69%
Existing Cities	11,918,013,000	39.31%
Total County	\$ 30,319,839,000	100.00%

Notes to Table 3:

- Assessed valuation for Citrus Heights and Elk Grove was based on actual FY 1985/86 data compiled by the County Assessor and provided by the County Administration and Finance Agency (AFA). These values, \$1,707,731,540 for Citrus Heights and \$675,641,063 for Elk Grove, were inflated at an annual rate of 8% and 14%, respectively, to estimate FY 1987/88 values. Inflation rates were based on interviews with AFA staff.
- Assessed valuation for Rancho Cordova was based an estimated FY 1986/87 value of \$1,800,000,000 contained in a memo from Robert A Ryan, Jr., Deputy County Counsel, to L. B. Elam, County Counsel, dated November 17, 1987 regarding "Revised Letter to Board of Supervisors Regarding Citrus Heights". This value was increase 10% to estimate the FY 1987/88 value.
- Assessed valuation for Rio Linda–Elverta was based on an FY 1985–86 estimate of \$312,000,000 which was increased 7% per year to estimate the FY 1987/88 value. (*RL Report*, p. 19.)
- Assessed valuation for the annexations was based on the data contained in Table 4, below.
- Assessed valuation for the remaining unincorporated area and existing cities was based on interviews with staff in the County Auditor–Controller's Office.

5. Annexations

We included only those annexations in our analysis that cities within Sacramento County expected to complete by FY 1993/94. Table 4, below, presents the assumptions that we used regarding annexations:

Table 4
Annexation Assumptions

Annexing City	General Area of Annexation	Total Acres	A.V. Per Acre	Population
Sacramento	N. Natomas	825	\$10,000	-0-
Sacramento	Shorebird/Sand Cove	93	10,000	25
Sacramento	Freeport	153	10,000	139
Sacramento	Consumnes River	398	10,000	250
Folsom	Hwy. 50/Aerojet	5,000	100	-0-

Notes to Table 4:

- We estimated assessed valuation based on current values to determine the FY 1987/88 revenue loss to the county. We did not base our estimates on the potential increase in property values that could occur if county or the annexing city approved higher density development than currently exists in these areas.
- Data based on interviews with staff from the County Assessor's Office, County Auditor–Controller's Office, and the Planning Departments in the cities of Sacramento and Folsom.
- The assessed valuation for the City of Folsom annexation is relatively low because substantially all of the land is assessed under the Williamson Act. See Subsection B.6 below for further details regarding Williamson Act land.

6. Other General Assumptions

We assumed that all service areas analyzed would be fully transferred to the new jurisdiction and that the new jurisdiction would not contract with the county for these services. In addition, we excluded services provided by the county's library fund, refuse

enterprise fund, and dependent districts from the analysis because we assumed that the new cities would continue to honor existing service agreements and not provide these services independently.

B. ASSUMPTIONS FOR ESTIMATED IMPACT ON COUNTY REVENUES

1. Property Tax for Incorporations

We based our estimate of the amount property taxes transferred from the County to a newly incorporated city on the formula contained in Section 56842 of the Government Code, part of the Cortese–Knox Act. This statute states that the property taxes transferred shall equal the result of:

- The percentage that property tax revenues represent as a portion of total general purpose revenues, multiplied by
- Total net costs of county services transferred to the new city.

We calculated the first factor, property tax revenues as a percentage of total general purpose revenues, with the cooperation of the County Auditor–Controller's Office. Section 56842 stipulates that total general purpose revenues equal all county revenues minus revenues restricted for use by statute, and revenues from charges for services. This percentage factor equals 41.64 percent, based on actual FY 1987–88 revenues. Our calculations are presented on the following pages in **Exhibit C–1**.

COUNTY OF SACRAMENTO
CALCULATION OF PROPERTY TAX TRANSFER FACTOR
FOR INCORPORATIONS

A. PROPERTY TAX REVENUE (a)

Acct.	Fund		
9101	1	Current Secured	97,803,702
9101	13	Current Secured	139,324
9102	1	Unsecured	7,484,148
9102	13	Unsecured	10,521
9103	1	Current Supplemental	5,464,545
9103	13	Current Supplemental	7,434
9104		Augmentation Fund	-0-
9105		Supplemental Prior	-0-
9110	1	Secured Delinquent	3,079,142
9110	13	Secured Delinquent	4,921
9120	1	Secured Redemption	4,099,129
9120	13	Secured Redemption	5,710
9130	1	Prior Unsecured	156,942
9130	13	Prior Unsecured	224
9191	1	Aircraft	1,903
9192	1	Livestock	8
9193	1	Tax Sale	58,514
9193	13	Tax Sale	83
9199	1	Other Taxes	750,322
9199	13	Other Taxes	1,071
9522	1	Home Owners Property Tax Relief	4,729,147
9522	13	Home Owners Property Tax Relief	6,737
9525	1	Williamson Act Tax Relief	219,320
Total Property Taxes			124,022,847

B. REVENUES AVAILABLE FOR GENERAL PURPOSES (a)

Acct.	Fund		
Taxes			
(See Sec. A)		Property Taxes	124,022,847
9140	1	Property Tax Penalty/Costs	1,487,316
9151	13	Sales and Use Tax	51,934,873
9170	15	Transient Occupancy Tax	3,850,070
9180	1	Property Transfer Tax	3,590,381
Subtotal			184,885,487
Licenses and Permits			
9210	13	Animal Licenses	564,795
9220	13	Business Licenses	363,953
9221	13	Special Business Licenses	207,072
9222	13	Employee Permits	14,705
9230	1	Marriage Licenses	39,346
9260	13	Zoning Permits	945,635

9264	13	Cable TV Franchise Fee	114,362	
9265	13	Franchises	618,434	
9290	1	Other Licenses and Permits	1,226,192	
9290	13	Other Licenses and Permits	401,812	
		Subtotal		4,496,306
		Fines, Forfeitures, and Penalties		
9310	1	Vehicle Code Fines	5,928,595	
9310	7	Vehicle Code Fines	2,413,375	
9320	1	Other Court Fines	608,481	
9330	1	Other Forfeitures/Penalties/Fines	908,916	
9330	13	Other Forfeitures/Penalties/Fines	25,515	
		Subtotal		9,884,882
		Use of Money and Property		
9410	1	Interest Income	11,424,843	
9410	2	Interest Income	135	
9410	6	Interest Income	122,798	
9410	7	Interest Income	348,255	
9410	11	Interest Income	122,269	
9410	13	Interest Income	280,212	
9410	15	Interest Income	67,755	
9410	21	Interest Income	170,489	
9410	(b)	Interest Income	9,903,155	
9429	1	Building Rental-Other	46,315	
9429	7	Building Rental-Other	78,589	
9431	1	Agricultural Leases-Other	1	
9439	1	Ground Leases-Other	18,562	
9439	6	Ground Leases-Other	38,000	
9448	1	Recreational Concessions	264,923	
9454	1	Telephone-Coin	184	
9459	1	Other Vending Devices	87	
9470		Royalties	-0-	
9490		Other Concessions	-0-	
		Subtotal		22,886,572
		Intergovernmental Revenues		
9511		Alcohol Beverage Fees	-0-	
9512	13	Cigarette Tax	1,582,615	
9523	1	Motor Vehicle In-Lieu Tax	31,930,077	
9524	1	Trailer Coach In-Lieu Tax	407,605	
9529	1	In-Lieu Taxes-Other	10,284	
9529	13	In-Lieu Taxes-Other	2	
9531	1	Aid-Other Local Gov't Agencies	13,820	
9531	6	Aid-Other Local Gov't Agencies	380,140	
9531	13	Aid-Other Local Gov't Agencies	9,433	
		Subtotal		34,333,976
		Miscellaneous Revenues		
9710	1	Cash Overages	25,798	
9710	13	Cash Overages	41	
9721	1	Aid Payment Recoveries	3,912,540	
9730	1	Donations and Contributions	85,890	
9730	6	Donations and Contributions	31,400	
9730	7	Donations and Contributions	1,623,157	

9730	13	Donations and Contributions	581	
9740	1	Insurance Proceeds	245,415	
9740	13	Insurance Proceeds	1,996	
9780	1	Child Support Recoveries	343,377	
9785	1	Countywide Cost Plan	3,994,425	
9790	1	Other Revenues	5,391,934	
9790	7	Other Revenues	53,144	
9790	13	Other Revenues	90,399	
9799	1	Prior Year Revenues	2,938,974	
9799	13	Prior Year Revenues	8,449	
Subtotal				18,747,520
Other Financing Sources				
9009	13	Sales	21,695	
9850	7	Sale of Real Property	200,000	
9860	1	Sale of Personal Property	750	
		Operating Transfers In	38,050	
		Equity Transfers In	500,000	
		Available Fund Balances 7/1/87	21,869,139	
Subtotal				22,629,634
Revenues Available for General Purposes				297,864,377

C. PROPERTY TAX TRANSFER FACTOR

Property tax revenues as a percentage of total
revenues available for general purposes = 41.64%

Notes:

- (a) Except for interest income, amounts are based on actual FY 1987/88 revenues for the following funds:
- 1 General
 - 6 Park Construction
 - 7 Capital Construction
 - 13 Unincorporated Area Services
 - 15 Transient Occupancy Tax
- (b) Interest income includes all interest that can be allocated at the discretion of the Board of Supervisors, and includes interest allocated to funds other than those listed under (a) above.

Section 56842 stipulates states that total net costs of county services transferred to the new city equals total service costs minus revenues restricted for use by statute, and revenues from charges for services. We calculated total net service costs based on our analysis of estimated service cost reductions to the County from incorporations. The results of this analysis are presented below in Table 5.

Table 5

Property Tax Estimates for Incorporations

	Citrus Heights	Elk Grove	Rancho Cordova	Rio Linda–Elverta	Total
Total Service Area Costs	7,727,000	3,723,000	8,893,000	2,710,000	23,053,000
Charges for Services	889,000	1,531,000	1,305,000	482,000	4,207,000
Restricted Revenue	431,000	190,000	446,000	87,000	1,154,000
Net Service Costs	6,407,000	2,002,000	7,142,000	2,141,000	17,692,000
Prop. Tax Transfer Factor	41.64%	41.64%	41.64%	41.64%	41.64%
Prop. Tax Transferred to City	2,668,000	834,000	2,974,000	892,000	7,368,000

Section 56842 also allows for certain counties including Sacramento County to phase-in the transfer of the new city's full property tax apportionment over a period of twelve years maximum. We estimated the revenue impact to the county based on the full apportionment, not on any phase-in formula.

2. Property Tax for Annexations

The transfer of property tax from the county to an annexing city is based on negotiated agreements between the two parties. For our analysis we used the transfer formula contained in the current draft master property tax transfer agreement between the City and the County of Sacramento. This agreement is likely to be approved by the City and the County in the near future. We used the same formula for the City of Folsom annexation because the county has not negotiated an agreement with the City of Folsom at this time.

The transfer formula contained in the draft master property tax transfer agreement stipulates that the city shall receive 47 percent and the county shall receive 53 percent of the combined existing County and special district share of the property tax. Using this formula, we estimated that the loss to the county averaged 18.42 percent of the 1 percent property tax levy. This average is based on actual existing property tax shares for the county and all special districts for the Natomas and Freeport annexations.

3. Sales Tax

Upon request the State Board of Equalization (BOE) will prepare an estimate of sales taxes collected within a specified area. These BOE estimates were available for Citrus Heights, Elk Grove, and Rancho Cordova, but the estimates were out of date by at least two years. We increased each estimate based on the actual increase in total county sales tax revenues between the date of the estimate and FY 1987/88. This estimate of gross FY 1987/88 sales tax revenues was reduced by 0.82 percent to account for the cost of administration paid to the BOE, and the result equaled the net sales tax revenue impact on the county. Table 6, below, presents the date and amount of each BOE estimate, and the factor by which we increased the estimate to calculate FY 1987/88 gross sales tax revenues.

Table 6
State Board of Equalization Sales Tax Estimates

<u>Incorporation</u>	<u>Date of BOE Estimate</u>	<u>BOE Sales Tax Revenues</u>	<u>Factor Used To Estimate FY 1987/88 Revenues</u>
Citrus Heights	12/31/85	\$5,955,000	1.2138
Elk Grove	6/30/85	746,590	1.2894
Rancho Cordova	12/31/82	2,978,000	1.7814

No BOE estimate was available for Rio Linda–Elverta or the annexations, so we used the methodology contained in the Rio Linda–Elverta incorporation committee report

that was prepared by an outside consultant. The methodology estimated sales tax revenues based on one-third of per capita sales tax revenue for unincorporated area, multiplied by the estimated population of Rio Linda-Elverta. The one-third factor was used based on an estimate by the consultant that Rio Linda-Elverta contains relatively less commercial development than other areas of the county on a per capita basis. We estimated that the Sacramento annexations were similarly undeveloped.

4. State Subventions

We developed models based on statutory formulas to estimate the revenue impact from the following state subventions:

- Trailer Coach In-Lieu Tax
- Cigarette Tax
- Highway Users (Gas) Tax

Refer to Appendix A, "Revenue Analysis Assumptions" for a detailed description of our subvention models.

5. Homeowner's Property Tax Relief (HOPTR)

We estimated HOPTR based on the county's total HOPTR revenue as a percent of total current property tax revenue, multiplied by the property tax revenue to be transferred to the new city. The county's FY 1987/88 HOPTR revenues equaled \$4,923,844. Total current secured, unsecured, and supplemental property revenues equaled \$115,331,397. Consequently, HOPTR revenues were 4.27 percent of current property tax revenues. This factor was multiplied by each incorporation's or annexation's property tax revenues to estimate HOPTR revenues for the community.

6. Williamson Act Tax Relief

Williamson Act tax relief revenues are provided by the State to compensate local agencies for the loss of property tax revenues caused by land that has lower assessed values because of Williamson Act designation. This designation controls assessed value to preserve land for agricultural purposes. The county currently receives \$0.40 per acre in tax relief revenues for Williamson Act land which constitutes the entire City of Folsom annexation, based on information provided by the City of Folsom Planning Department.

7. Property Transfer Tax

We estimated property transfer tax revenues for Citrus Heights and Elk Grove based on assumptions contained in the incorporation reports. These reports estimated that Citrus Heights would receive 2.51 percent, and Elk Grove 1.39 percent of total county revenues, respectively. (*CH Report*, p. 47, and *EG Report*, p. 45) We multiplied the county's total actual FY 1987/88 property transfer tax revenues (\$3,590,381) by these factors to estimate revenues for the two communities.

When land becomes incorporated, half of the property tax transfer revenues generated by that land accrue to the city, and half remain with the county. As a result, for the remaining communities (Rancho Cordova, Rio Linda–Elverta, and the annexations) we estimated property tax transfer revenues based on the communities assessed valuation as a percentage of the total assessed valuation for the entire county, multiplied by half of the the county's total property transfer tax revenues for FY 1987/88.

8. Business Licenses

For Citrus Heights and Elk Grove, we assumed that business tax revenues would be the same as estimated in the Citrus Heights and Elk Grove incorporation reports (*CH Report*, p. 45, and *EG Report*, p. 43)

For Rancho Cordova and Rio Linda–Elverta, the county's total business license revenues (\$585,730) were allocated based on population within the incorporation or annexation as a percentage of total population within the unincorporated area

9. Franchise Fees

We assumed that franchise fee revenues generated by Citrus Heights and Elk Grove would represent 10.86% and 2.50%, respectively, of total FY 1987/88 county revenues (\$618,434), not including cable and refuse franchise fees, based on the incorporation reports. (*CH Report*, p. 47, and *EG Report*, p. 45)

For Rancho Cordova, Rio Linda–Elverta, and the annexations, the county's total franchise fee revenues, not including cable and refuse fees, were allocated based on population of the incorporation or annexation as a percentage of total population of the entire unincorporated area.

10. Fines and Forfeitures

We estimated the revenue impact from fines and forfeitures based on \$4.25 per capita multiplied by the estimated population of the incorporation or annexation, based on assumptions used in the Citrus Heights and Elk Grove incorporation reports. (*CH Report*, p. 48, and *EG Report*, p. 46)

11. Interest Income

We estimated that interest income would equal 3% of net revenue impact (revenue impact not including interest income).

12. Licenses and Permits and Charges for Services

We estimated revenues from licenses and permits and charges for services by multiplying a revenue factor, which represents the portion of total revenues that would be reduced due to each incorporation or annexation, by total actual FY 1987/88 revenues. The revenue factors that we used in the analysis are presented below in Table 7.

Table 7
Revenue Factors

Service Area	Citrus Heights	<u>Incorporations</u>		Rio Linda Elverta	<u>Annexations</u>	
		Elk Grove	Rancho Cordova		Sacra- mento	Folsom
Planning and Development						
Planning and Land Use	6.78%	8.38%	9.57%	4.92%	0.07%	0.00%
Building Inspection	8.80%	18.02%	14.18%	3.24%	0.07%	0.00%
Subdivision Development	6.47%	9.33%	14.18%	3.24%	0.07%	0.00%
Animal Control	12.38%	3.49%	14.18%	3.24%	0.07%	0.00%

Notes to Table 7:

- Planning revenue factors are based on a survey of the department's master log for the period July 1 to December 31, 1988, which contained a total of 752 workload items, such as planning approvals, for the entire unincorporated area. The survey indicated that the number of workload items for projects located in County Community Plan Areas which most closely matched the boundaries of the potential incorporations. Each workload amount was multiplied by a factor to equate the workload with the actual boundaries of each potential incorporation. The factors for Citrus Heights and Elk Grove were based on the incorporation reports. (CH Appendix, p. 96, and EG Appendix, p. A87) The factors for Rancho Cordova and Rio Linda-Elverta were based on our review of the boundaries of the Plan Area and the potential incorporation. The results of this analysis are presented on the following page.

Plan Area	Workload Items	Incorporat. Boundary Factor	Estimated Incorporat. Area Items
Citrus Heights	56	0.91	51
Elk Grove	35	1.80	63
Rancho Cordova	72	0.00	72
Rio Linda–Elverta	31	1.18	37

(Source: Interview with Tom Hutchings, County Planning Department, March 27, 1989)

- Building inspection revenue factors for Citrus Heights and Elk Grove are based on the number of building permits compiled by the Public Works Department for the incorporations as a percentage of total building permits in 1987. The factors were used in the LAFCO reports. (*CH Appendix*, p. 125 and *EG Appendix*, p. A114)
- Subdivision development revenue factors for Citrus Heights and Elk Grove were based on the revenue estimates used in the LAFCO reports for FY 1986/87, \$76,000 and \$109,657, respectively (*CH Report*, p. 50 and *EG Report*, p. 48) divided by total actual expenditures in FY 1986–87 for direct services in budget unit 2810 (\$1,175,164).
- Building inspection and subdivision development revenue factors for Rancho Cordova, Rio Linda–Elverta, and annexations were based on population within the incorporation or annexation as a percentage of total population within the unincorporated area.
- Animal control revenue factors are based on population within the incorporation or annexation as a percentage of total population within the unincorporated area.
- The Folsom annexation is agricultural land and as a result we assumed this area to generate a negligible amount of revenue for the county.

Total actual FY 1987/88 licenses and permits and charges for services revenues for the appropriate budget units are listed on the following page in Table 8:

Table 8
Unincorporated Area Direct Service Area Revenues
FY 1987/88 Actual

<u>Service Area</u>	<u>Budget Unit(s)</u>	<u>Revenues</u>
Planning and Land Use	4030, 5969, 6610	\$2,236,006
Building Inspection	2150	6,579,576
Subdivision Development	2810	1,187,623
Animal Control	3220	652,660

13. SB 325 Sales Tax

SB 325 sales tax revenues are allocated based on population. We estimated the revenue impact based on total actual FY 1987/88 revenues (\$969,647), multiplied by the percentage of population within the incorporation or annexation compared to total population within the unincorporated area.

C. ASSUMPTIONS FOR ESTIMATED IMPACT ON COUNTY SERVICE COSTS

1. Summary of Methodology

We estimated the impact on county service costs caused by incorporation and annexations using a methodology similar to the one used to estimate revenue impact for licenses and permits and charges for services:

- We estimated workload factors which represented the portion of the county's workload in a given service area which could be attributed to the area of incorporation or annexation
- Each workload factor was multiplied by the appropriate total direct service area costs for FY 1987/88 to estimate the reduction in service area costs to the county.

In addition, to estimates of reductions in service area costs, we estimated reductions in countywide overhead costs to calculate total costs reductions.

2. Workload Factors

Workload factors, presented on the following page in Table 9, were estimated to represent the impact on the county's workload caused by an incorporation or annexation

Table 9

Workload Factors

Service Area	Citrus Heights	<u>Incorporations</u>		Rio Linda Elverta	<u>Annexations</u>	
		Elk Grove	Rancho Cordova		Sacra- mento	Folsom
Law Enforcement	12.38%	3.49%	14.18%	3.24%	0.07%	0.00%
Planning and Development						
Environmental Impact	6.78%	7.85%	9.57%	4.79%	0.07%	0.00%
Current Planning	6.78%	7.85%	9.57%	4.79%	0.07%	0.00%
General Planning	12.38%	10.00%	14.18%	3.24%	0.07%	0.00%
Zoning Enforcement	12.38%	3.49%	14.18%	3.24%	0.07%	0.00%
Building Inspection	8.80%	18.02%	14.18%	3.24%	0.07%	0.00%
Subdivision Development	6.47%	9.33%	14.18%	3.24%	0.07%	0.00%
Animal Control	12.38%	3.49%	14.18%	3.24%	0.07%	0.00%
Roads	8.61%	4.51%	7.42%	5.66%	0.41%	0.20%

Notes to Table 9:

- Workload factors were based on population within the incorporation or annexation as a percentage of total population within the unincorporated area unless otherwise noted.
- Workload factors for Environmental Impact, Current Planning, Building Inspection, Subdivision Development, and Animal Control were based on the same assumptions as we used to develop revenue factors. (See Table 7, above.)
- The General Planning workload factor for Elk Grove was increased above a per capita estimate because of the high level of general planning currently occurring for that area to support its high levels of current and anticipated development.
- Table 10, on the following page, presents workload factors for roads which we based on road miles within the incorporation or annexation as a percentage of total road miles maintained by the county within the unincorporated area (2,440 road miles). Road miles for Citrus Heights and Elk Grove were taken from the incorporation reports. (*CH Appendix*, p. 127, and *EG Appendix*, p. A115). Road miles for Rancho Cordova, Rio Linda-Elverta, and the annexations were estimated based on our review of the county's road index maps.

Table 10
Road Miles

	Citrus Heights	<u>Incorporations</u>		Rio Linda Elverta	<u>Annexations</u>		Total
		Elk Grove	Rancho Cordova		Sacra- mento	Folsom	
Road Miles	210	110	181	138	10	5	654
% of Uninc.	8.61%	4.51%	7.42%	5.66%	0.41%	0.20%	26.80%

3. Service Area Costs

To estimate direct costs savings to the county, the workload factors in Table 9 were multiplied by actual FY 1987/88 direct service area costs, presented below in Table 11.

Table 11
Unincorporated Area Direct Service Area Costs

Service Area	Budget Unit(s)	Direct Costs % of Total Budget Unit(s) Costs	Direct Costs
Law Enforcement	7400	53%	\$ 41,887,000
Planning and Development			
Environmental Impact		15%	1,493,000
Current Planning		20%	2,035,000
General Planning		6%	633,000
Zoning Enforcement		3%	362,000
Building Inspection		56%	5,646,000
Total	5969, 6610, 2150	100%	\$ 10,169,000
Subdivision Development	2810	100%	1,314,000
Animal Control	3220	100%	1,806,000
Roads	2900	58%	14,139,000

Notes to Table 11:

- Direct costs were based on service area analyses presented in Section VI, except for roads costs.
- Planning and Development direct costs did not include Planning Commission Secretariat costs because these costs are fixed and cannot be reduced.
- The distribution of Environmental Impact, Current Planning, General Planning and Zoning Enforcement costs were developed by the Planning Department and based on reports for period 7, Sacramento County Accounting and Reporting System, FY 1985–86. (*CH Report*, p. 94) Costs for Environmental Impact (budget unit 5969) include certain costs charged to Planning (budget unit 6610) because Planning performs services for Environmental Impact that are not charged to budget unit 5969.
- Direct costs for roads were based on total county road maintenance costs (\$12,249,823) plus a portion of administration and engineering costs (\$1,136,391 and \$752,398, respectively, based on maintenance costs as a portion of maintenance plus construction costs).

4. Countywide Overhead Costs

To estimate countywide overhead costs, we assumed that the only department that could reduce costs as a result of incorporations and annexations were the Personnel and Data Processing Departments. In addition, we assumed that only 50 percent of these department costs could be reduced, and that the remaining 50 percent was fixed. We estimated countywide overhead costs savings using the methodology described below.

First we estimated the number of full-time equivalent (FTE) positions that could be saved from the service area costs reductions. These estimates were based on a cost per FTE saved presented on the following page in Table 12.

Table 12
Estimated FTE Savings

<u>Service Area</u>	<u>Total Costs (000s)</u>	<u>FTEs</u>	<u>Costs Per FTE</u>
Law Enforcement	\$ 41,887	711	\$ 58,900
Planning and Development	10,169	220.2	46,200
Subdivision Development	1,314	NA	46,000
Animal Control	1,806	39	46,300
Roads	14,139	NA	46,000

Notes to Table 12:

- Compared to our service area analysis in Section VI of the report, Planning and Development FTEs did not include Planning Commission Secretariat FTEs.
- Subdivision Development and Roads FTEs were not available so we estimated a savings of \$46,000 per FTE.

Second, the estimated savings per FTE for each service area were divided into total savings realized by service area to estimate the number of FTEs saved.

Third, the FTEs saved were multiplied by a countywide cost savings of \$1,700 per FTE to estimate total countywide overhead cost savings. Countywide cost savings per FTE were estimated based on 50 percent of actual FY 1987/88 expenditures for the Personnel and Data Processing Departments, divided by 7,888 total countywide FTEs.

D. ASSUMPTIONS FOR ESTIMATED REVENUE INCREASES TO NEWLY INCORPORATED OR ANNEXING CITIES

1. All Revenues Except Subventions and Property Tax

Except for revenues from four state subventions and the property tax relating to annexations, revenue estimates for incorporation and annexations were assumed to equal the reduction in county revenues discussed above under Subsection B.

2. Subventions

We developed models based on statutory formulas for the four state subventions listed below:

- Motor Vehicle In-Lieu Tax
- Trailer Coach In-Lieu Tax
- Cigarette Tax
- Highway Users (Gas) Tax

Refer to Appendix A, "Revenue Analysis Assumptions" for a detailed description of our subvention models.

3. Property Tax for Annexations

The transfer of property tax from the county to an annexing city has been described previously under Subsection B. Using the transfer formula contained in the draft master property tax transfer agreement between the County and the City of Sacramento, we estimated that the gain to the annexing city averaged 28.00 percent of the 1 percent property tax levy. This average is based on actual existing property tax shares for the county and all special districts for the Natomas and Freeport annexations, and assumes that all special district service responsibilities will be assumed by the annexing city.

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